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# Daily Report

# East Asia

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## Japan

### Solution of Farm Trade Disagreement 'Difficult'

*OW0807140592 Tokyo KYODO in English 1355 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—Japanese farm ministry officials said Wednesday it will be difficult to solve the disagreement over farm trade that is stalling the Uruguay round trade talks despite hopes for an early settlement expressed in a declaration at the end of the Munich summit.

The statement issued Wednesday by leaders of the Group of Seven leading economic powers at the end of their summit expressed the hope that the negotiations under the General Agreement on Tariffs and Trade (GATT) would be concluded by the end of this year.

Each nation has difficult problems concerning reduction of subsidies to farmers and it is not easy to narrow the gap, said the officials of the Agriculture, Forestry and Fisheries Ministry.

Agriculture Minister Masami Tanabu, who recently visited the United States and Canada, said it seems to be difficult for the United States and the European Community to work out agreement on the issue.

Tanabu said Japan will continue asking GATT to modify its proposal to replace import restrictions on farm produce with tariffs.

No progress is expected in the negotiations unless countries concerned will discuss the issue with new approaches, he said.

### Finance Ministry 'Cautious' on Aid to Russia

*OW0807154992 Tokyo KYODO in English 1526 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—The Finance Ministry took a cautious stance on the question of Japanese aid to Russia despite a 24 billion dollar package pledged Wednesday by the Group of Seven (G-7) industrialized nations.

Leaders of the seven economic powers, in a communique concluding their annual meeting in Munich, offered the former Soviet republics "help for their self-help" on condition that they push ahead with economic reforms and meet international commitments.

They lent their support to an immediate 1 billion dollar credit by the International Monetary Fund (IMF) for urgent stabilization measures in Russia and said it would unlock 24 billion dollars in Western aid agreed earlier.

Ministry officials, however, stressed the need for Russia to make greater efforts for self-support to push ahead with domestic reforms.

"Political considerations were given priority (in the summit declaration)," a ministry official said, adding that providing aid by shelving major problems, such as repayments of external debts, will not benefit the former Soviet repubics.

The declaration did not refer to a Russian request for the rescheduling of its external debt.

"It's all right for us to aid them through the IMF. But we are worried that the declaration may set the stage for us to extend fresh bilateral aid," an official of the ministry's International Finance Bureau said.

In fact, speculation is rampant that Russian President Boris Yeltsin will ask for new financial assistance from Tokyo when he visits Japan in September.

Japan has been reluctant to provide unilateral aid to Russia, citing a long-standing territorial dispute over four islands off northern Japan that were seized by the Soviet Army in the closing days of World War II.

### Miyazawa Affirms Policy on Ties, Aid to Russia

*OW0907082892 Tokyo KYODO in English 0820 GMT 9 Jul 92*

[Text] Munich, July 9 KYODO—Prime Minister Kiichi Miyazawa said Thursday Japan has attained its main aim at the Group of Seven (G-7) summit here of making its territorial row with Russia a shared concern of the G-7.

"We have tried to win other nations' support for Japan on the territorial dispute since last year, anticipating Russian President Boris Yeltsin would come to Munich. I think we accomplished our objective of having the territorial issue stipulated in the Political Declaration," Miyazawa said.

"We welcome Russia's commitment to a foreign policy based on the principle of law and justice," said the G-7 Political Declaration announced Tuesday at the annual summit meeting. "We believe that this represents a basis for full normalization of the Russian-Japanese relationship through resolving the territorial issue."

Miyazawa said in a meeting with Japanese reporters traveling with him that Japan has no intention of reconsidering its policy of separating political matters from economic issues in dealing with Russia.

"It is eventually necessary (for Japan) to provide humanitarian and emergency assistance to Russia but we cannot offer a large amount of money without getting a national consensus," he said.

Japan refuses to extend massive financial assistance to Russia until the return of the four Russian-held islands off Japan's main northern island of Hokkaido. Former Soviet troops seized the islands of Etorofu, Kunashiri, Shikotan and the Habomai group of islets in the closing days of World War II.

On the domestic front, Miyazawa predicted his Liberal Democratic Party (LDP) would perform well in the upcoming House of Councillors election.

Noting favorable public opinion polls, Miyazawa said he expects Japanese voters will give credit to the LDP for its efforts to deal with various problems both at home and abroad.

However, the premier said the election results hinge on how voters will judge the June 15 enactment of a bill authorizing the first dispatch of Japanese troops overseas to join U.N. peacekeeping missions and the close of the last Diet session.

The 18-day campaign for the 16th triennial upper house election began Wednesday for 127 seats in the second chamber.

Half the 252 upper house members come up for reelection every three years. Another seat at stake is that of former upper house President Yoshihiko Tsuchiya, who retired last month to become governor of Saitama Prefecture, north of Tokyo.

Miyazawa dismissed speculation about reshuffling his cabinet after the July 26 upper house contest, saying, "At the moment, let's do this election together. This is it. I have no such plan in my mind."

Miyazawa said he would discuss the issue of a replacement for Kanzo Tanigawa, director general of the Science and Technology Agency whose term in office as an upper house member has expired, with LDP members after returning home from the Munich Summit, which ended Wednesday, or after the upcoming election.

Miyazawa said a supplementary budget and political reform will top the agenda of an extraordinary Diet session planned for this fall.

Asked about the supplementary budget to jump-start the lagging Japanese economy, the prime minister, referring to his meeting in Washington last week with U.S. President George Bush, declined to mention a specific amount for fresh pump-priming measures.

He said, "The U.S. President has a full grasp of our 1987 measures," indicating he is studying the possibility of compiling a large-scale supplementary budget on the basis of a plan to provide 6 to 7 trillion yen to stimulate the economy, which the LDP has recently drawn up.

Japan instituted an emergency economy-spurring measure totaling 6 trillion yen in an attempt to attain 3.5 percent economic growth in 1987.

Miyazawa also showed eagerness to enact a law to reapportion House of Representatives seats to rectify the unconstitutional disparity in vote values among constituencies.

## Kato Expresses Satisfaction With G-7 Talks

*OW0907051192 Tokyo KYODO in English 0440 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—Japan said Thursday China, as well as Russia, may be considered for inclusion in next year's annual economic summit of major industrialized nations to be held in Tokyo. Chief Cabinet Secretary Koichi Kato noted, however, that there is strong opposition among some summit nations to expanding the Group of Seven (G-7) to include Russia as a full-fledged member.

The 17-year-old gathering was launched as a forum for economically advanced nations, Kato said. "We must consider whether Russia is the eighth industrialized nation and its degree of political stability," Kato said.

He said Japan will consult with the United States, Germany, France, Britain, Italy, and Canada about some form of participation by Russia after Tokyo formally takes over as summit chairman in January. Russian President Boris Yeltsin was invited to a special session Wednesday at the close of the Munich summit.

Asked whether China would be considered as a candidate, Kato replied, "That idea may also emerge." Japan is the only Asian member of the exclusive group and in the past, officials have suggested that involving China may help draw more attention to Asian concerns.

Kato expressed satisfaction with the three-day meeting in Munich. He particularly welcomed Canadian Prime Minister Brian Mulroney's reference to Japan's long-standing territorial dispute with Russia as more than a bilateral issue during the meeting between G-7 leaders and Yeltsin.

"Our position was supported more strongly than before," Kato said.

He also welcomed Yeltsin's comment to Miyazawa that he attaches importance to his visit to Tokyo planned for September. The visit is expected to focus on a dispute over four islands off of Hokkaido seized by the Soviet Union at the end of World War II. Japan says a resolution to the issue must be found before it can conclude a peace treaty with Russia and extend full-scale financial aid.

## Tanahashi Welcomes G-7 Leaders' Declaration

*OW0907083492 Tokyo KYODO in English 0822 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—A top official of the Ministry of International Trade and Industry (MITI) on Thursday welcomed the Group of Seven (G-7) leaders' declaration saying they expect an agreement can be reached in the Uruguay Round of multilateral trade talks by the end of this year.

MITI Vice Minister Yuji Tanahashi told reporters that the agreement is expected to lead to a further progress in the talks.

He said he believes the declaration represents a strong determination by G-7 leaders to conclude the talks by the end of this year.

Tanahashi also said he is concerned that U.S. House of Representatives passage of protectionist trade legislation targeting Japan could infringe on the rules of free trade between Japan and the United States.

## Tokyo To Stress U.S. Deficit at SII Talks

*OW0907081992 Tokyo KYODO in English 0804 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—Japan and the United States have scheduled a round of working-level talks here Monday and Tuesday aimed at reducing trade barriers, the Foreign Ministry said Thursday.

Officials said the objective of the meetings, which are a follow-up to the Structural Impediments Initiative (SII), is to facilitate the preparation of a second annual report to be produced at "principals-level" talks between Japanese vice ministers and U.S. deputy secretaries on July 28-29 in Tokyo.

Attending both the deputy-level meetings will be representatives of Japan's Foreign Affairs, International Trade and Industry, Finance, and Justice Ministries, as well as the Economic Planning Agency, and their counterparts from corresponding U.S. Government organs.

Officials said discussions are expected to center on the two countries' commitments to measures designed to improve their respective business climates.

They said the Japanese side will stress the need for the U.S. to reduce its federal budget deficit, strengthen the competitiveness of its industry, improve the quality of its work force, and promote exports more vigorously.

The U.S. is expected to address such areas as exclusionary business practices, distribution systems, land prices, government and company procurement of goods, and enforcement of antitrust laws, in relation to Japan.

The follow-up talks are aimed at reviewing progress made in reducing structural barriers to trade as agreed under an SII agreement in 1990.

Officials said the Japanese side may use Monday's talks to express concern about recent protectionist trends in the U.S. Congress.

One official said Japan is very concerned at Wednesday's passage in the U.S. House of Representatives of a bill for a Trade Expansion Act aimed at opening Japanese and other markets to more U.S. imports.

## Officials Wary of Renewed U.S. Auto Dispute

*OW0907062792 Tokyo KYODO in English 0619 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—The Japanese Government and automobile industry voiced their wariness Thursday that a move by the United States to introduce stricter control on automobile trade may rekindle a trade dispute between the two countries.

"We feel that the general mood in the U.S. again has grown to force ways of managed trade on us," said an official at a major Japanese auto manufacturer.

An official of the Ministry of International Trade and Industry (MITI) said the U.S. should be aware of Japan's efforts to open its markets wider through the ongoing Uruguay Round of multilateral trade talks. Japan hopes the U.S. Administration and the Senate will take a tough stand against such protectionist moves, he added.

The U.S. House of Representatives on Wednesday overwhelmingly approved a bill that included an amendment calling for keeping the current restriction on Japan's auto exports to the U.S. unchanged at 1.65 million vehicles a year until 1999. The legislation also would require the U.S. Administration to take steps to enforce a minimum 70 percent U.S. content in cars produced at foreign-owned "transplant" factories in the U.S.

The legislation was part of a larger trade bill that also includes a bill extending the so-called "Super 301" authority which allows the administration to investigate if other nations are using unfair trade practices and to punish them if they fail to remove trade barriers after negotiations. Trade watchers in Japan, however, expect that President George Bush will veto the bill.

## NTT To Use Parallel Computer From U.S. Firm

*OW0807094692 Tokyo KYODO in English 0843 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—Intel Japan K.K. said Wednesday that Nippon Telegraph and Telephone Corp. (NTT) will purchase a parallel computer from its U.S. parent company, Intel Corp., headquartered in Santa Clara, California.

NTT will use the IPSC/860 parallel computer to simulate distributed processing systems at its communication science laboratories in Kyoto, Intel officials said.

An NTT spokesman did not disclose a price for the computer.

The machine, which combines up to 128 reduced instruction set computer microprocessors, can crunch data at 7.6 billion floating point operations per second, a gauge used to measure the processing speed of a computer.

Each microprocessor has a separate memory unit rather than shared memory to manipulate data faster and uses an object language to simplify programming by users.

Intel will install the machine later this month, the officials said.

Parallel computers differ from conventional supercomputers which use single processors since they link hundreds or thousands of microprocessors to divide up problems and solve them simultaneously.

They are ideal for high-speed calculations in applications such as molecular science, neural networks, and fluid mechanics, financial analysis and computer graphics.

The U.S. chipmaker shipped 36.1 percent of all parallel computers in 1990, according to U.S. marketing and research firm Infocorp., Intel officials said.

Intel has already installed 320 of the parallel computers worldwide, including about 20 machines in Japan, they said.

## Tokyo Urges Peaceful Solution on Spratlys Issue

*OW0907083992 Tokyo KYODO in English 0824 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—Japan urged Vietnam and China on Thursday to find a peaceful resolution to their competing claims over the resource-rich Spratly Islands in the South China Sea.

But top government spokesman Koichi Kato said he does not expect the dispute over the islands, claimed by seven governments, to threaten regional peace or lead to military clashes.

Vietnam said Wednesday it had lodged a protest with China over a territorial marker that Chinese soldiers set up on a contested reef over the weekend.

In May China signed an oil and gas exploration agreement with Crestone Energy Corp. of the United States. Vietnam later protested the deal.

The Spratly Islands, hundreds of islets and reefs dotting the South China Sea, are believed to hold rich oil and fishery resources.

They also span waters that link Japan with its Middle East oil suppliers.

China, Taiwan, Vietnam, Malaysia, the Philippines, and Brunei each claim all or parts of the Spratlys.

## Permission To Ship Plutonium Said Not Needed

*OW0907110292 Tokyo KYODO in English 1050 GMT 9 Jul 92*

[Text] Tokyo, July 9 KYODO—Japan does not plan to obtain permission for shipments of plutonium that may travel within the 200-mile economic zone of other nations, a Foreign Ministry official said Thursday.

The comment followed South Africa's statement earlier this week objecting to Japanese ships carrying plutonium through waters within its 200-mile offshore boundary.

"Basically, Japanese transport ships will make the voyage over 200 miles away from the coast, so I don't think there will be any problem," said the official, who asked to remain anonymous for security reasons.

The official said that Japan plans to explain to Pretoria that it is not legally required to obtain permission, and will also redouble its efforts to reassure South Africa of the safety of the shipments.

This fall, Japan plans to start transporting plutonium from France and Britain back to Japan. The plutonium will have been reprocessed in those nations from Japan's spent nuclear fuel.

Earlier this week South Africa became the first country along the possible shipping routes to express reservations about shipments passing through its waters, the official said.

"Generally speaking, we have basic understanding of countries concerned except for South Africa," he said.

Japan has not yet settled on a route, but it has decided to explain its safety precautions to some 100 coastal countries after the environmental group Greenpeace International urged governments to deny passage of the hazardous cargo.

Japan maintains that the casks used for housing the plutonium meet safety standards specified by the International Atomic Energy Agency.

The Foreign Ministry official said the shipments would not make port calls or enter the nations' 12-mile territorial zone.

## Chinese Arrested on Suspicion of Illegal Entry

*OW0907052292 Tokyo KYODO in English 0452 GMT 9 Jul 92*

[Text] Shizuoka, July 9 KYODO—Police arrested 21 young Chinese men Thursday on suspicion of illegal entry after a railway company employee notified authorities of spotting them at a local station in Shizuoka Prefecture, southwest of Tokyo.

The Chinese, who all appeared to be in their early 20s, were found at Shimoda Station on the Izukyuu line at around 8 A.M. Wearing white half-sleeve shirts and black trousers, the Chinese youths told railway station officials they had come to the station to ride a train.

Police took them into custody on suspicion of landing ashore at the port city of Shimoda without proper entry papers. Shimoda station officials said some other Chinese appeared to have left by train for the hotspring resort of Atami, north of Shimoda. Authorities said some of the Chinese carried their passports but none of them had entry permits.

Officials of the Maritime Safety Agency office in Shimoda said patrol boats have been sent to the waters off Shimoda to see if there are any other Chinese.

## Koreans Refused Permission To Run in Election

*OW0807093892 Tokyo KYODO in English 0816 GMT 8 Jul 92*

[Text] Osaka, July 8 KYODO—Election officials rejected Korean residents of Japan who tried to register their candidacies Wednesday on grounds they lack proof of Japanese citizenry.

"I've been turned away at the gate," said Yi Yong-hwa, one of 10 members of Zainichito, a political party trying to win suffrage for Korean residents of Japan, who were not allowed to register as candidates for the July 26 House of Councillors election.

Dressed in traditional Korean costume on the first day of campaigning, Yi vowed to "continue my fight to gain entrance."

The director of the Osaka district election board rejected Yi, 37, who arrived shortly after 7 A.M. to register to run in an Osaka constituency, because he did not have a copy of the family registry required of all Japanese citizens.

In Tokyo, Kim Mung-son, prevented from registering for a national constituency in the upper house election, said Japanese laws requiring foreign residents to become naturalized citizens in order to vote violate basic human rights.

"The fact that we have to Japanize our names means we must throw away our ethnic background," Kim said. Adopting a name that can be written and pronounced in Japanese style is one requirement of naturalization.

Zainichito member Yukinobu Masuda noted that the ancestors of many long-term Korean residents "didn't come to Japan by choice. Now, by trying to dictate our ethnicity they're saying, 'you must become Japanese.' "

Some 680,000 Koreans live in Japan, by far the largest foreign community. Many are descendants of Koreans brought to Japan for forced labor between 1910 and 1945, when Japan ruled the Korean peninsula as a colony.

Zainichito seeks the right to vote for Japanese residents without their having to become naturalized citizens, said Yi, who likened restrictions on voting rights to "a Japanese version of apartheid."

"In the world of the future, people of any nationality will have the right to vote," Yi said. "If Japan is really serious about trying to internationalize, then they should recognize our rights."

The plight of Korean residents of Japan has long been a source of friction between the Koreas and Japan. Until recently, the government fingerprinted all foreign residents of Japan—even third-generation Korean residents.

Now, fingerprinting of foreign residents is being phased out, and Korean residents of Japan are looking toward their next goal, suffrage.

Yi said becoming a naturalized citizen of Japan is easier said than done. "It takes a lot of money and a lot of free time," he said.

Unable to run for office, Yi said he will concentrate his efforts on gaining suffrage for Korean residents of Japan.

Zainichito was founded to raise campaign funds for Korean resident candidates nationwide after Yi announced in April he would run in this month's election.

## Parties File Candidacies for Upper House Poll

*OW0807105792 Tokyo KYODO in English 1009 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—The campaign for the 16th triennial House of Councillors election began Wednesday with 641 candidates vying for 127 seats.

A total of 38 parties had registered 330 candidates at the central election administration committee to run for 50 seats up for reelection nationwide under the proportional representation system, election officials said. The remaining 77 seats are in prefectural electoral districts.

The upper house contest slated for July 26 is the first national poll since Prime Minister Kiichi Miyazawa took office last November.

Registration of candidacies started at 8:30 A.M. and closed at 5 P.M.

At stake are a total of 127 seats—half of the 252 upper chamber seats which come up alternately for reelection every three years when [word indistinct] term expires and one seat left vacant by former upper house President Yoshihiko Tsuchiya, who was elected last month as governor of Saitama prefecture, north of Tokyo.

For the seats up for election under proportional representation, the governing Liberal Democratic Party (LDP) filed a list of 27 candidates. The No. 1 opposition Social Democratic Party (SDP) and the Japanese Communist Party (JCP) registered 25 contenders each.

Two opposition parties, Komeito and the Democratic Socialist Party (DSP), registered 17 candidates each, while the United Social Democratic Party filed nine contenders.

Under the proportional representation system, seats are allocated in proportion to the number of votes cast for a party.

For the 77 seats in prefectural electoral districts, 311 contestants filed candidacies, including 55 contenders from the LDP, 46 from the JCP, 18 from the SDP, six from Komeito, three from the DSP, and 22 from Rengo-no-kai, the political wing of the Japanese Trade Union Confederation (Rengo).

The LDP currently holds 114 seats in the upper house—13 short of a simple majority—the SDP 69, Komeito 20,

the JCP 14, the SDP eight, and Rengo-Sangiin, a parliamentary group affiliated with Rengo, has 13. Of the 114 LDP seats, 75 are up for election.

The LDP scored a landslide victory in the 1986 upper house election, when a House of Representatives election was simultaneously held.

It lost its majority in the upper house in 1989 for the first time since 1955 following the introduction of the consumption tax, the Recruit shares-for-favors scandal, and a womanizing scandal involving then Prime Minister Sousuke Uno.

The LDP, which still has a large majority in the more powerful lower house, cannot recapture a majority in the upper chamber even if its 82 candidates should win.

Seven major political parties issued statements Wednesday calling for voters' support in the upcoming election.

The LDP said it wanted to stabilize Japanese politics by narrowing the gap with the opposition camp in the upper house.

It also stressed the need for Japan to bear international responsibility commensurate with its economic might by assisting United Nations peacekeeping efforts abroad, revitalizing the global economy, and preserving the planetary environment.

The SDP said it is asking voters to judge whether they approve of the newly enacted law authorizing the first dispatch of Japanese troops overseas to join U.N. peacekeeping missions.

The peacekeeping law cleared the Diet on June 15 with the backing of the LDP, Komeito, and the DSP.

The SDP and the JCP objected to the peacekeeping law as a violation of Japan's Constitution, which bans the use of force or threat to settle international disputes.

Komeito and the DSP, in their election messages, voiced the hope of bringing to a halt the single-party dominance of the LDP.

The JCP said in a statement, "the collapse of the Soviet Union does not mean the breakup of socialism." The JCP pledged to do its best to abolish the U.N. peacekeeping cooperation law.

## Number of Eligible Voters for Election Reported

*OW0807131192 Tokyo KYODO in English 1242 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—The number of people eligible to vote in the July 26 House of Councillors election totals 93.77 million, the Ministry of Home Affairs said Wednesday.

The number is up about 3.4 million from the previous upper house election in July 1979, the ministry said.

The latest figure breaks down into 45.52 million men and 48.25 million women, it said.

The campaign for the triennial upper house election began Wednesday with 641 candidates vying for 127 seats. These represent half the 252 seats which come up for reelection every three years when their six-year term expires and one seat left vacant by former upper house President Yoshihiko Tsuchiya, who was elected last month as governor of Saitama prefecture, north of Tokyo.

The contest is the first national poll since Prime Minister Kiichi Miyazawa took office last November.

The Ministry of Home Affairs said Tokyo has the largest number of voters with 9.31 million, followed by Osaka and Kanagawa prefectures. Tottori prefecture had the least with 460,000.

Kanagawa has the largest number of voters per parliamentarian with 1.53 million people, while Tottori has the smallest with 230,000, the ministry said.

The disparity in the number of votes per representative between the two prefectures is 6.59 times, wider than that in the 1979 election at 6.25 times, it said.

## Current Account Surplus Doubles From Year Ago

*OW0807093792 Tokyo KYODO in English 0850 GMT 8 Jul 92*

[Text] Tokyo, July 8 KYODO—Japan's current-account surplus more than doubled in May from a year earlier as imports declined sharply, the Ministry of Finance (MOF) said Wednesday.

An MOF official said the main reason for the sharp upswing in the surplus was that the smaller number of weekdays in the month reduced the volume of imports.

The current-account surplus in May ballooned to 9,486 million dollars, up 128.2 percent from 4,156 million dollars in May 1991, and the largest ever for the month.

The trade surplus rose 84.5 percent to 10,094 million dollars.

Exports picked up 4.6 percent to 24,816 million dollars, while imports plunged 19.4 percent to 14,722 million dollars.

The MOF official said May had only 19 weekdays, two days fewer than the same month last year.

That contributed to the 11.7 percent drop in the volume of imports during the month, he said.

Also jacking up the trade imbalance was the decline in imports of gold for investments, which accounted for 1.2 billion dollars of the 3.5 billion dollar year-on-year fall in imports, he said.

The May figures show Japan's surplus-producing machine is locked in high gear, with the surplus running at an annual rate of about 100 billion to 120 billion

dollars, about 3 percent of the nation's gross national product, said Yoshihisa Kitai, senior economist at the long-term credit Bank of Japan.

As the weak domestic economy should keep a lid on imports and U.S. economic recovery should spur exports, Kitai said, "it's a fair bet that the surplus will remain in a firm uptrend at least throughout 1992."

A recent upsurge of the yen will also boost the surplus in coming months due to the so-called "j-curve" effect, he said.

Atsushi Miyawaki, a senior economist at the Japan Research Institute, said the current-account surplus in the past year has ceased to be a "lop-sided" uptrend.

But Miyawaki said that although the key to curbing the surplus is to enliven imports by expanding domestic demand, there are no good ways to do that in the short term.

The expected large supplementary budget will have only a limited effect in fiscal 1992, he said.

The Finance Ministry also announced Japan's current-account figures by region for all of 1992, showing Japan posted a record surplus with the European Community.

Japan's current-account surplus with the 12-country trade bloc quadrupled in 1991 to a record 25,222 million dollars from 6,163 million dollars in 1990.

The surplus with Germany soared 59 percent to 10,468 million dollars due mainly to brisk demand in the country stemming from reunification.

Japan posted a current-account surplus of 1,853 million dollars with Britain in 1991, compared with a deficit of 6,483 million dollars in 1990.

That was due to the sharp 85.6 percent drop in imports from the country caused by the contraction in imports of gold for investments.

The imports do not involve any actual transportation of gold, but mean a net sale of gold by Japanese investors in the London financial market.

The surplus with the United States grew 6.3 percent in 1991 to 40,025 million dollars for the first expansion since 1987.

The surplus with Southeast Asia during the year soared 74.3 percent to 33,772 million dollars.

For invisible trade, which comprises transportation, travel, and investment income among other non-goods trade, Japan posted a deficit of 492 million dollars in May, compared with a 1,179 million dollar deficit a year earlier.

The shrinkage in the deficit was mainly a product of a sharp increase in investment income, from 2,175 million dollars to 3,215 million dollars.

**Balance of Payments (in Millions of Dollars)**

| | May 1992 | May 1991 |
|---|---|---|
| Current Account | 9,486 | 4,156 |
| Trade | 10,094 | 5,470 |
| Exports | 24,816 | 23,733 |
| Imports | 14,722 | 18,263 |
| Invisible trade | -492 | -1,179 |
| Transfer payments | -116 | -135 |
| Long-term capital | -1,893 | -7,703 |
| Basic balance | 7,593 | -3,547 |
| Short-term capital | -1,189 | -330 |
| Errors/ommissions | 3,153 | 2,938 |
| Overall balnce | 9,557 | -939 |

## Firms 'Unlikely' To Face Fund-Raising Problems

*OW0807122492 Tokyo KYODO in English 1133 GMT 8 Jul 92*

[Text] Osaka, July 8 KYODO—Japanese corporations are unlikely to face fund-raising difficulties in the current fiscal year despite commercial banks' restraint on lending, a private think tank said Wednesday.

According to a survey by Nissei Research Institute, Japanese firms will have little difficulty raising funds because their capital demand has been shrinking in line with the economic slowdown.

The financing demand of firms are expected to amount to somewhere between 13 and 18 trillion yen in fiscal 1992, ending March 31 next year, compared with 18.8 trillion yen in the previous year, the institute's survey said.

The survey covered Japanese companies capitalized at more than 10 million yen, excluding financial institutions like banks, securities firms and insurance companies.

The research institute attributed the slackening capital demand to sluggish personal spending and stagnant production caused by corporate inventory adjustments.

Companies have refrained from active fund managing and investment in real estate reflecting Japan's economic slowdown, also resulting in reduced capital demand.

Most commercial banks and long-term credit banks are expected to limit lending to companies as they find it hard to meet rules set by the Bank for International Settlements (BIS) requiring them to have a capital-to-assets ratio of 8 percent by the end of next March, the institute said.

But an official of the institute said, "it is hard to believe the capital supply-demand balance will tighten," noting that many life and nonlife insurance companies and governmental banks are thought to have enough money to lend to corporations.

## Government Plans To Take 'Bold' Economic Steps

*OW0907053492 Tokyo NHK General Television Network in Japanese 0300 GMT 9 Jul 92*

[From the "NHK News" program]

[Text] Takeshi Noda, director general of the Economic Planning Agency [EPA], held talks with members of the Japan Association of Corporate Executives [Keizai Doyukai] this morning, stating that bold economy-boosting measures would be implemented as soon as possible to deal with the business situation, which has been rather sluggish in its recovery. In this way, he disclosed that the government intends to set forth large-scale measures, including the supplementary budget, at an early stage.

Touching on the current business situation at today's session, Keizai Doyukai Chairman Masaru Hayami stated his understanding that because the front-loading of the public works budget, which began in March, has failed to sufficiently stimulate the economy, the domestic economy continues to face difficulties.

Other Keizai Doyukai members expressed the view that, regarding the employment issue, the industrial community has an overall employment rate of 100 percent, but that it was undeniable that individual companies have been very patient in not letting anyone lose his or her job, thereby causing declines in profits at individual companies. They also called on the government to implement measures to deal with the issue by compiling the supplementary budget at an early stage, by reducing taxes, and by introducing low interest rates.

In response, EPA Director General Noda stated his views as follows: The front-loading of the public works budget will show its effects from now on. Also, companies will complete the first round of inventory liquidation from here on out, during the second half of the year, and productivity will revive. Nevertheless, it can hardly be said that companies have already passed the peak of inventory adjustment.

He added that bold measures would be taken to deal with these issues as soon as possible, and he disclosed that the government had decided to implement large-scale economy-boosting measures, including the supplementary budget.

# North Korea

## Joint Red Cross Meeting Discusses Family Visits

*SK0807134492 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 8 Jul 92*

[Text] The fourth North-South Red Cross working delegates' contact on the exchange of the elderly parents' visiting groups and art troupes was held in the conference room of the Neutral Nations Supervisory Commission in Panmunjom on 8 July. After the meeting the head of our delegation held a news conference.

He said that the exchange of elderly parents' visiting groups and art troupes from the North and the South, which has been agreed upon and scheduled, is at the point of being aborted by the South side, and he clarified our principled position on this matter.

He said that despite the fact that during the last contact our side regarded the antirepublic commotions about the nuclear issue as a matter of grave concern and demanded that the South side clarify its attitude toward the implementation of the North-South agreement, the South's authorities are accelerating the antirepublic commotions. He said that this shows that the South side still maintains a wrong position that can block the implementation of the North-South agreement. Our side said that our view is that under the condition in which the South's authorities make commotions about the nuclear issue and attempt to block the implementation of the North-South agreement, the exchange of visiting groups cannot go smoothly. Our side once again strongly urged the South to reply clearly as to whether South authorities intend to implement the North-South agreement or block it and whether they intend to sincerely implement the North-South agreement regardless of the nuclear issue.

Our side then noted that the repatriation of elderly Yi In-mo is the most pressing humanitarian issue and stressed that this issue cannot become an object of political negotiations under any circumstances. Repatriation should be realized without fail on humanitarian principles without any preconditions before the exchange of the visiting groups.

The South side avoided replying directly to this, saying that the South's delegates replied to the nuclear issue at meetings of other subcommittees and that the issue of elderly Yi In-mo has been dealt with in the letter the South prime minister sent to our premier.

In this connection, our side demanded that the South side not avoid replying but answer clearly as to whether the North side should believe the recent official remarks by the South side's highest person in authority—that unless the North-South nuclear inspection is made, concrete progress in North-South relations cannot be expected—or whether it should believe the South side's remarks at the conference table.

Our side also said that the North could barely determine whether the South prime minister's letter on 7 July was from the prime minister or from the president of the Red Cross and that it was unrealistic and conveyed an insidious intention. He noted that this letter is aimed at blocking North-South relations under another pretext now that all problems are solved by the international nuclear inspection and that with this letter the South side has created a new stumbling block in resolving the issue of elderly Yi In-mo. Our side pressed the South side again to answer if it will continue the anti-North commotions on the nuclear issue and if it will repatriate elderly Yi In-mo before the exchange of the elderly parents' visiting groups.

Our side told the South side that if it continues its negative attitude by making antirepublic commotions about the nuclear issue, the exchange of visiting groups can be aborted regardless of the fact that the procedures for the exchange of the elderly parents' visiting groups and the art troupes have been agreed upon. Our side made it clear that elderly Yi In-mo should be repatriated before the exchange of the elderly parents' visiting groups and that unless this is realized, the exchange of the visiting groups can be aborted.

Then the two sides began to discuss working matters. Our side said that the fundamental differences between the two sides are over the exchange of the namelist, the method of meeting for the reunion, and the arrangments for the meetings of the displaced families of the art troupes, reporters, and members of support personnel [pojang songwondul], and that it is our invariable position that these issues should be resolved according to the agreement made at the seventh round of North-South high-level talks. The South side, while expressing agreement to our opinion that the method of meeting for the reunion should be according to the precedence as agreed between the two sides, disregarded the agreement on the other issues, without withdrawing its unjust insistence.

At today's contact, the South side said that working contacts will not be needed any more if the North side puts the issue of repatriating the elderly Yi In-mo on the agenda at the next working contact. Our side responded that the repatriation of elderly Yi In-mo is a precondition for the exchange of the visiting groups and made it clear that the North will put it on the agenda at the next contact as well, and demanded that the South side state if it is the South's official position that the working contact is not needed. Perplexed, the South side reversed its position and canceled its statement that the next working contact is unnecessary. Our side demanded that the South side think before acting.

The two sides agreed to hold the next round of contact on 14 July.

### Banquet Marks PRC Friendship Treaty Anniversary

*SK0807155392 Pyongyang KCNA in English 1528 GMT 8 Jul 92*

[Text] Pyongyang July 8 (KCNA)—The Central Committee of the Korea-China Friendship Association and the Committee for Cultural Relations With Foreign Countries arranged a banquet at the People's Palace of Culture today on the occasion of the 31st anniversary of the conclusion of the Korea-China treaty on friendship, cooperation and mutual assistance.

In his speech, Yi Cha-pang, chairman of the State Commission of Science and Technology and chairman of the Central Committee of the Korea-China Friendship Association, said that the conclusion of the treaty was an epoch-making event which further consolidated the blood-sealed friendship and solidarity between the peoples of Korea and China and developed it onto a new higher stage. The international prestige of the People's Republic of China is growing higher through the independent and peaceloving external policy of the Chinese party and government and the struggle for its realisation, he said, and went on: The Korean people are rejoiced, as over their own, over the achievements made by the fraternal Chinese people.

He wished the Chinese people new progress in the efforts to reunify the country in accordance with the policy of "one country, two systems" in the struggle to build socialism under the correct leadership of the Communist Party of China with Comrade Jiang Zemin as the core.

Jiang Zhengcai, charge d'affaires ad interim of the Chinese Embassy here, in his speech said that with the signing of the Sino-Korean treaty on friendship, cooperation and mutual assistance by the great leader President Kim Il-song and respected Comrade Zhou Enlai of the Chinese people 31 years ago a firm lawful foundation has been laid in further developing militant friendship forged between the two peoples with blood in the protracted revolutionary struggle.

Referring to the remarkable achievements made by the Korean people in political and economic fields under the leadership of Comrade President Kim Il-song and Comrade Secretary Kim Chong-il, he said he sees this with pleasure.

The Chinese party and government, he said, will resolutely support the three principles of national reunification and the proposal to found the democratic confederal republic of Koryo for the country's reunification through confederacy, which were put forward by Comrade President Kim Il-song.

He expressed the belief that the Korean people will realize the historical cause of the independent and peaceful reunifiuation of the country, overcoming all sorts of difficulties.

The Sino-Korean friendship will be handed down through generations and shine forever thanks to the joint efforts of the peoples of the two countries, he stressed.

### More Reportage on Visit by Cambodian Delegation

#### Chea Sim Remarks at Banquet Noted

*SK0907020192 Pyongyang Korean Central Broadcasting Network in Korean 2300 GMT 7 Jul 92*

[Text] The Central Committee of the Workers Party of Korea [WPK] arranged a banquet at the Mansudae Assembly Hall on the evening of 7 July for the high-level delegation of the People's Party of Cambodia [PPC] visiting our country.

Invited to the banquet were the members of the delegation led by His Excellency Chea Sim, chairman of the PPC Central Committee and speaker of the National Assembly. Present at the banquet were Comrade Yi Chong-ok, member of the WPK Central Committee Political Bureau and vice president; Kang Hyon-su,

responsible secretary of the WPK Pyongyang municipal committee; Chi Chae-yong, deputy director of a department of the WPK Central Committee; Cho Kyu-il, vice foreign minister; Kim Hyong-yol, DPRK ambassador to the Supreme National Council of Cambodia' and other functionaries from the relevant sectors.

Comrade Yi Chong-ok spoke at the banquet. He warmly welcomed the high-level PPC delegation visiting our country and said that it had come when the friendship of the two countries' people was developing well. He noted that His Excellency Chairman Chea Sim was visiting Pyongyang, leading a high-level delegation, although the PPC was busy with many tasks in Cambodia's new situation. He said that this shows the high trust of the PPC and the Cambodian people toward our party and people and the PPC's desire to make the ties of friendship between the two parties close.

Comrade Yi Chong-ok said that our two countries' people formed firm friendship ties long ago and closely supported and cooperated with each other on the single road of anti-imperialist struggle for independence. He noted that a new phase has been opened in the development of the Cambodian situation in recent years because of the energetic activities of His Esteemed Royal Highness Samdech Norodom Sihanouk and because of the joint efforts of the PPC and other factions. He said that the PPC is contributing greatly to the struggle to achieve the country's political stability, peace, and national unity and to build an independent, neutral, and independent new Cambodia. He added that we highly appraise these PPC activities and successes and will invariably support in the future as well the Cambodian people's just cause for national reconciliation and unity and the country's reconstruction.

Comrade Yi Chong-ok said that both our two countries are Asian countries and that developing friendship between the two parties is the common desire of the two countries' people. He added that the PPC delegation's visit to our country will prove to be an important turning point in the formation and development of the two parties' relations. He stressed that we will make efforts for the development of relations with the PPC and will struggle jointly hand in hand to build a free and peaceful new Asia.

His Excellency Chea Sim spoke next. He said that he expresses, in the name of the PPC Central Committee, the state, government, and people of Cambodia, the delegation, and on his own behalf, deep gratitude with highest reverence to His Excellency Generalissimo Kim Il-song, the great leader of the Korean people, His Excellency Marshal Kim Chong-il, the WPK Central Committee, and the government and people of the DPRK for arranging a banquet to welcome the delegation.

His Excellency Chea Sim said that he will learn well the brilliant successes under the wise leadership of His Excellency Generalissimo Kim Il-song, the most respected leader of the Korean people, in the struggle to build and defend the DPRK while embodying the great chuche idea and to realize the country's reunification and that the PPC delegation was very glad of this.

His Excellency Chea Sim said that the State of Cambodia highly appraises the DPRK for firmly maintaining its foreign policy based on peace, friendship, and nonalignment, continuously enhancing its international prestige, and actively contributing to peace in Asia and the world. He stressed that the PPC and the state and Government of Cambodia will make every effort to unite all the political forces around His Royal Highness Samdech Norodom Sihanouk, father of the nation, head of state of Cambodia, president of the Supreme National Council of Cambodia, and father of the Cambodian national reunification, to determine the future destiny in conformity with the Cambodian people's just and sacred desire and will to contribute to the cause of security and peace in the world, to ending conflicts, and to building an Ankor homeland.

His Excellency Chea Sim said that he is very grateful to His Excellency Generalissimo Kim Il-song, the respected and beloved great leader of the Korean people, and His Excellency Marshal Kim Chong-il, the dear leader of the Korean people, for allowing an exchange of views on important matters to newly develop the two sides' relations in various ways without any difficulties in conformity with the interests of the two countries' people and for peace, security, and cooperation in the world.

The participants in the banquet toasted the friendship between the two parties and peoples, to the long life and good health of the respected and beloved leader Comrade Kim Il-song, to the long life and good health of the dear leader Comrade Kim Chong-il, to the long life and good health of the respected His Royal Highness Samdech Norodom Sihanouk, and to the health of the respected His Excellency Chairman Chea Sim.

## Kim Il-song Meets Delegation

*SK0807114792 Pyongyang KCNA in English 1030 GMT 8 Jul 92*

[Text] Pyongyang July 8 (KCNA)—The great leader President Kim Il-song today received a high-level delegation of the People's Party of Cambodia led by Chea Sim, chairman of the party Central Committee [C.C.] and president of the National Assembly, on a visit to Korea.

Present there together with Chairman Chea Sim were Chea Soth and Vice-president of the National Assembly Mat Ly who are permanent members of the party Central Committee, and vice-chairman and director of the cabinet of the Council of Ministers Kong Sam-Ol and Minister of Public Health Yim Chaili who are members of the party Central Committee, Director of the Cabinet of the party Central Committee and Vice-minister of Interior Sok An, Chairman of the Cmmmission on the External Rebations of the party Yos Son who is also member of its Central Committee, Vice-chairman of the Phnom Penh city committee of the party and First Vice-chairman of the Phnom Penh city

People's Committee Hok Lundi and Vice-minister of Foreign Affairs Ung Sean and other suite members. Present there were Yi Chong-ok, Politburo member of the C.C., the Workers' Party of Korea [WPK] and vice-president, Kye Ung-tae, Politburo member and secretary of [words indistinct] Committee, Kang Hyon-su, chief secretary of the municipal party committee, Chong Song-nam, minister of external economic affairs, Chi Chae-yong, vice-director of a department of the WPK Central Committee, Cho Kyu-il, vice-minister of foreign affairs, and Kim Hyong-yul, DPRK ambassador e.p. [extraordinary and plenipotentiary] to the Supreme National Council of Cambodia.

President Kim Il-song conversed with the guests in a cordial and friendly atmosphere. He was presented with a gift by Chairman Chea Sim.

He arranged a luncheon for the guests.

### Kim Chong-il Receives Gift

*SK0807124792 Pyongyang KCNA in English*
*1036 GMT 8 Jul 92*

[Text] Pyongyang July 8 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Chea Sim, chairman of the C.C. [Central Committee], the People's Party of Cambodia and president of the National Assembly, on a visit to Korea.

The gift was handed to Yi Chong-ok, Politburo member of the C.C., the Workers' Party of Korea and vice-president, today by Chairman Chea Sim.

### Delegation Departs

*SK0907104992 Pyongyang KCNA in English*
*1019 GMT 9 Jul 92*

[Text] Pyongyang July 9 (KCNA)—The high-level delegation of the People's Party of Cambodia led by Chea Sim, chairman of the party Central Committee [C.C.] and president of the National Assembly, left here today after paying a visit to Korea.

The delegation was seen off at the airport by Yi Chong-ok, Politburo member of the C.C., the Workers' Party of Korea and vice- president, and other senior officials concerned.

## Intellectuals' Role in Modernization Lauded

*SK0807153692 Pyongyang KCNA in English*
*1509 GMT 8 Jul 92*

["Korean Intellectuals (3)"—KCNA headline]

[Text] Pyongyang July 8 (KCNA)—The Korean intellectuals are displaying a high degree of revolutionary zeal and creative talent in socialist economic and cultural construction.

They are successfully solving scientific and technological problems arising in the chuche-orientation, modernization and scientification of the national economy.

Industrial establishments which have sprung up like bamboo shoots after a spring shower including the Sunchon vinalon complex, the Taean heavy machine complex, the Taechon power station and the Chollima steel complex and the 10,000 ton-press, the 7,000 HP 8-axle electric locomotive, modern numerical control machine tools and other devices are imbued with the noble sweat of the intellectuals.

Amazing changes have taken place in the construction of national culture, too.

Some 270 universities and colleges including Kim Il-song University and Kim Chack University of Technology and over 10,000 schools at all levels have made their appearance in this land where there was not a single university or college forty odd years ago. There youths and children accounting for a quarter of the population are receiving socialist national education.

Culture and art reaching a high level, many revolutionary masterpieces such as full-length novels of the cycle of novels "Immortal History," and the revolutionary opera "Sea of Blood" have been written and created and, with the development of medical services and modern medical science and technology, the working people sing of their longevity.

The independent national economy of vast scale is managed and operated on a scientific and technological basis by a large army of intellectuals 1.5 million strong reared after the liberation. It is now steadily developing at a high rate and national culture is brilliantly efflorescing and developing.

The dear leader Comrade Kim Chong-il in his historic works such as "On Further Developing Science and Technology" (August, 1989) and "Let Us Further Enhance the Role of Intellectuals in Revolution and Construction" (September, 1990) set forth tasks facing intellectuals and indicated concrete ways for their fulfillment.

While bringing up the intellectuals to be revolutionary soldiers unfailingly faithful to the party and the leader, he put up those who devote their all to the prosperity of the country and the happiness of the people as true heroes of our times and excellent model for all people.

Paek Sol-hui, Hong Ki-mun, Yi Chae-op, Choe Il-nok, Kwon Chong- ung and other intellectuals became heroes amid his deep trust and loving care and nearly 400 intellectuals received state degrees and professorship and honorary titles such as professor, doctor, people's scientist, people's teacher and people's journalist over the last two years.

The Korean intellectuals are glorifying their life as an eternal companion, a faithful helper and a good advisor in the construction and activities of the Workers' Party of Korea.

## South Korea

### Prosecution Begins Questioning in Fraud Case

*SK0907074792 Seoul YONHAP in English*
*0640 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—The Seoul district prosecution summoned Ha Yong-ki, president of First Life Insurance Co., Thursday to determine his role in a multibillion won land scam involving plots of land owned by the Army Intelligence Command.

The prosecution wanted to find out how much Ha, 66, knew about the 47 billion-won fraud perpetrated against his company by a group of swindlers led by Chong Kon-chung, 47, chairman of Sungmoo Construction Co.

Investigators also wanted to find out whether other, highly placed officials took part in the ever-widening land scam, said to be the largest uncovered during the current administration.

In a related development, the prosecution on Thursday sought arrest warrants for Chong Kon-chung and Chong Yong-chin, president of Sungmoo Construction Co., officials said.

They would be the second and third persons arrested after Kim Yong-ho, a civilian employee of the joint chiefs of staff, who provided a bogus contract to sell plots of land held by the Army Intelligence Command.

Kim received 7.65 billion won for the bogus contract and 500 million won as a service fee from Chong Kon-chung and his group, who in turn defrauded First Life Insurance of 23 billion won.

First Life President Ha, who had publicly said that he came to know of his company's attempted purchase of the land only in June, changed his story under questioning.

"He now says he knew of the land purchasing process through verbal reports by Executive Director Yun Song-sik," the prosecution said.

Ha remained silent on why he had denied involvement, the prosecution said.

The prosection said it had obtained documentary evidence that Ha and one other executives had known of their company's plans to purchase land owned by the Army Intelligence Command from the start.

There was a strong possibility that Ha was refusing to talk to conceal the names of influential military, political or government officials involved in the scam, investigators said.

The prosecution said Ha stamped his approval on a document dated Dec. 23 last year authorizing Executive Director Yun and Chong Myong-u to sign a contract for the purchase of 30,000 pyong (99,000 square meters) of land owned by the Army Intelligence Command.

Upon questioning, Yun told the prosecution that Ha approved the contract in early May, when Yun advised him it was better for the company to have documentary evidence.

Meanwhile the prosecution, tracing the 47 billion won First Life paid to the Chong group, said that 8.1 billion won went to Kim Yong- ho. Officials said Kim had his wife deposit it under 20 different names before he left Seoul for Hong Kong.

In search of the rest of the money, the prosecution is questioning Chong Yong-chin, money manager for the Chong group.

### Opposition To Launch Probe

*SK0907102892 Seoul YONHAP in English*
*0801 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—The opposition is launching its own investigation into a huge land fraud, with its lawmakers scheduling visits to government agencies and meetings with the suspects in the scam.

Kim Tae-chung, co-chairman of the main opposition Democratic Party (DP), and Chong ju-yung, leader of the Unification National Party (UNP) [United People's Party], are to discuss joint measures, including formation of a joint investigative committee, and a parliamentary probe early next week.

Key post-holders of the DP pondered on the incident Thursday morning and decided to launch investigation by visiting the Defense, Finance and Justice Ministries and other authorities concerned by the end of this week.

DP lawmakers agreed that the incident was more than "a simple fraud" committed by three people.

DP spokesman Chang Sok-hwa even held President No Tae-u responsible because No allegedly tried to sell the land where the Army Intelligence Command is.

No should make public why he began to promote the sales, why the Defense Ministry's announcement to cancel the sales plan was not endorsed by the cabinet and the president himself and why the land was not sold by the end of last year despite an earlier decision to do so, Chang said.

Kim Tae-chung hinted against a parliamentary probe, noting the difficulty of coordinating it with lawmakers from the ruling Democratic Liberal Party (DLP).

The UNP has formed a working-level investigating team and asked Vice Defense Minister Kwon Yong-hae to present materials related to the fraud.

"The fact that the purchase price was three times the market price tells of the involvement of a high-level official or officials. Some high officials must have tipped off re-classification of land," UNP leader Chong said.

### Kim Yong-sam Said Possibly Involved

*SK0907103192 Seoul YONHAP in English*
*0813 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—Tycoon-turned-politician Chong Chu-yong said Thursday it was possible that Kim Yong-sam, the presidential candidate of the ruling Democratic Liberal Party [DLP], was involved in a multibillion dollar land scam.

Chong, president of the Unification National Party [United People's Party—UNP], told reporters that most of the swindlers who defrauded the First Life Insurance Co. were from South Kyongsang Province.

Since Kim came from South Kyongsang Province, Chong reasoned, and since he was photographed with some of the swindlers, the ruling party's executive chairman could not escape suspicion he might be linked to the scam.

Aides to Kim dismissed Chong's remark as undeserving of comment.

Chong said that if Kim wanted to erase public suspicion "he will have to make his position clear to the prosecution and other judicial authorities."

It had been reported that Kim had his picture taken with Chong Kun-chung, chairman of Sungmoo Construction Co. and leader of a group of swindlers who bilked 47 billion won from the First Life Insurance Co. in a bogus land deal.

Kim was photographed with Chong and his wife without knowing who they were during a trip to the United States, DLP officials said.

### Defense Ministry Begins Investigation

*SK0907021292 Seoul YONHAP in English*
*0118 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—The Defense Ministry launched an internal investigation Wednesday [8 July] into whether Ministry officials were part of a massive fraud involving land occupied by the Army Intelligence Command.

The Ministry acted to remove suspicions that high-ranking military officers were involved and clear persistent suspicion that it was trying to cover up the truth of the land scam.

A ranking Ministry official said, meanwhile, that the Ministry had not sought to relocate the Army Intelligence Command since then-Defense Minister Yi Chong-ku scrapped the plan in May last year.

He said the command would remain in the present location for operational reasons.

### Background on Land Sale Plan

*SK0907021892 Seoul YONHAP in English*
*0150 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—The Defense Ministry did plan to sell land owned by the Army Intelligence Command in 1990, but shelved the plan this February, Ministry sources said Thursday.

The Ministry would not move the command unless the military's organizational structure or strategy changed, the sources said.

In May 1990, then-Defense Minister Yi Sang-hun and Army Chief of Staff Yi Chong-ku drew up a plan to relocate the intelligence command as part of a project to move military facilities outside metropolitan areas in 1991, a source said.

The coveted land in southern Seoul was involved in a multimillion U.S. dollar scam in which a major insurance company was duped by real estate swindlers who made it believe they had close connections with the Defense Ministry and could arrange the purchase of the land.

The plan was passed by the cabinet in February last year and approved by the president, and the Ministry went ahead to secure the money and to look for appropriate relocation sites.

A Finance Ministry official said that the Defense Ministry notified the Finance Ministry of the plan in December 1990.

When Yi Chong-ku succeeded Yi Sang-hun as defense minister, he canceled the intelligence command relocation plan in May last year due to differences within the Ministry, the source said.

The plan was officially shelved in February, when the cabinet annually approves sales and purchases of state property. The Defense Ministry did not resubmit the plan to the cabinet.

### Finance Ministry Seeks To Control Sale

*SK0907041892 Seoul THE KOREA TIMES in English 9 Jul 92 p 1*

[Text] The Finance Ministry [MOF] is moving to take charge of the sale of land used by the military.

A Finance Ministry official indicated yesterday that the ministry, as manager of state property, will take over the right to dispose of military real estate from the Defense Ministry.

The move came as prosecutors conducted an investigation of the fraudulent sale of land that has been used by a military intelligence unit in Seoul.

The Defense Ministry has been a target of public suspicion of favoritism whenever it sold land and buildings that have been vacated by the military.

A Finance Ministry official said such undue public suspicion emerges as the military has conducted the sale of its land and buildings without open bidding.

In the future, the Finance Ministry will handle the sales of land and buildings used by the military, an MOF official said.

Currently, the Defense Ministry is in full charge of selling land and building whenever military units are relocated. The Finance Ministry just gets reports from the Defense Ministry on the disposal of the government property.

For the past few years, many military compounds have moved out of the inner part of major cities in line with urban development planning. In the process, the bulk of the land and buildings reserved for military use has been sold to the public through private contracts.

## No Tae-u Gives Ministers Economic Instructions

*SK0907055692 Seoul YONHAP in English 0533 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—South Korean President No Tae-u instructed economic ministers Thursday to compile a retrenched budget for next year in an effort to maintain economic stability in the waning days of his presidency.

Meeting with the ministers at his office, No said the Korean economy performed well in the first half of the year, with stable prices and improvements in the balance of international payments, although small- and medium-sized companies were still in financial trouble.

He pointed out that there are some worries about economic instability in the latter half due to the presidential elections.

Turning to the controversial high-speed railroad, Yongjong Island airport and mobile communications projects, No said those three would help the nation prepare for the next century.

"It is deplorable, however, that some people are making political use of the projects without thinking of the future of the nation," he said.

The president instructed Finance Minister Yi Yong-man to stabilze the flow of money and scrutinize financial assistance for small- and medium-sized companies.

No instructed Trade and Industry Minister Han Pong-su to cooperate with industrial circles to maintain Korean products' share in the United States, Japan and the European Community and to diversify export markets.

## Iterates Technology Investment Focus

*SK0907033492 Seoul THE KOREA HERALD in English 9 Jul 92 p 2*

[Text] Taedok Science Town—President No Tae-u directed the cabinet yesterday to focus technology investment on core fields with good prospects of success.

"We need to take such an approach as we are not rich in available resources," No told a science-technology promotion conference at Taedok Science Town about 200 km south of Seoul.

"We cannot afford to satisfy all fields; we should assume a strategic attitude of concentrating money and manpower on promising fields," he said.

The President told Deputy Prime Minister-Economic Planning Minister Choe Kak-kyu to faithfully carry out a long-term plan mapped out last December for the development of science and technology.

The plan included the investment of about 1 trillion won (approximately $1.3 billion) in research and development projects over a five-year period from this year.

The government also envisaged projects to increase scientific research personnel.

Emphasizing the need to smoothly execute the program, No said the country should set the goal of joining advanced nations, such as the G-7 members, by the turn of the century.

In an effort to attract competent researchers, No said the government should increase benefits to those working at government-invested research institutes.

## Government Sets Economic Plan for 2d Half of 1992

*SK0907030392 Seoul YONHAP in English 0242 GMT 9 Jul 92*

[Text] Seoul, July 9 (YONHAP)—The government will hold the total money supply increase under 18.5 percent in the second half of the year by pursuing economic stabilization policies and drawing up a stringent budget for 1993, Deputy Prime Minister Choe Kak-kyu said Thursday.

In an economic ministers' meeting presided over by President No Tae-u, Choe said the government will expedite restructuring of agricultural and fisheries industries and will strengthen financial support for small- and medium-sized firms.

Prices will be cut 1-2 percent this year from a year earlier and the international balance of payments will improve by 1.5-2 billion U.S. dollars, securing the basis of Korea's economic stability at the level of advanced countries in one to two years.

To back up restructuring of Agricultural and Fisheries Industries, the government will map out plans to develop farming and fishing villages by the end of this year, and

"agriculture promotion areas" will be designated so farm land outside the areas can be turned into industrial sites with the permission of a city mayor or a county chief. An industrial firm may use up to 3, 000 pyong of such land each.

To help ease the financial pinch of small- and medium-sized firms and to accelerate factory automation, the government will have banks set aside 45 percent of their loans for smaller firms in September, up 5 percent from now, and will increase foreign currency loans by 1 billion U.S. dollars.

The goverment will expand unsecured loans by requiring secondary banking institutions, including short-term financing companies and trust and investment firms, to deposit a portion of each loan with the credit guaranty fund.

It will promote the second-stage liberalization of interest rates, watching closely the margin between the market rate and the government-set rate and trying hard to lower the rates and the earnings rate from company bonds.

The government will restrict cross-guaranteeing of loans among affiliated companies of business conglomerates to 100 percent of their net capital by revising the fair trade act.

Spending on construction of public buildings, functions and events will be frozen at this year's level in next year's budget.

The money saved by readjustment of defense outlays and labor costs in public works will be earmarked for expansion of social overhead capital, promotion of science and technology, and investment to sharpen the industrial competitive edge.

All public utilities fees except train fares will be frozen for the rest of the year to stabilize prices.

To invigorate small companies, the government will urge banks to expand the discount of commercial bills, allow the firms to put up real estate owned by others as security for loans and exempt cash-strapped small businesses from corporate and income taxes through the revision of laws.

The government will raise tax deductions to large enterprises offering technical guidance to smaller ones and will expand tax favors for firms seeking factory automation.

Support committees will be set up in banks and the Small and Medium Industries Promotion Corp. to facilitate loan rendering and repayment.

## Government Attempting To Dilute Chaebol Powers

*SK0807095292 Seoul YONHAP in English*
*0800 GMT 8 Jul 92*

["News analysis by Park Se-chin]

[Text] Seoul, July 8 (YONHAP)—After decades of symbiotic relations, the political and economic powers in Korea began to show signs of split last year and the government has at last begun taking steps to dilute the once unlimited potency of the chaebol, the large family owned business groups.

On July 2, the government virtually ended one of the favors that had long been granted to chaebol for its role in hoisting the backward Korean economy up to the top rung among developing countries by deciding to restrict cross-guarantees for loans among affiliated companies from April next year.

In another step confirming the new government policy toward chaebol, the Fair Trade Commission (FTC) announced on Tuesday that unfair internal trading practices among affiliates would be uprooted to help establish trade ethics and a sound economy.

The six examples of unfair internal trading cited by the FTC include unfair rejection of deals with non-affiliates in favor of deals with affiliates, discriminatory treatment of non-affiliates and unfair support for affiliates to hurt non-affiliates.

The aim is to restructure the management of the chaebol so that each company in a group is run independently, the FTC says, denying charges by the business community that the government drew up its plans to punish the chaebol and win votes in the December presidential election.

The government says the restrictions on loans and unfair trading were included in the efficiency measures in the 7th five-year socio-economic plan (1992-96), unveiled last year.

Increasing paid-in capital, the going public of chaebol affiliates, division of ownership of financial institutions and improving the financial structure of small companies were also contained in the efficiency measures.

Chaebol affiliates depend heavily on each other for business. Inter-dependency in the sales of the five largest chaebol was 29.8 percent, according to a 1990 report by the Korea investors service. The five are Samsung, Daewoo, Hyundai, Lucky-Goldstar and Hanjin. It was 26.9 percent for the top 10 chaebol and 22.5 percent for 50 biggest.

"The unfair internal trading of the chaebol is complicated beyond imagination and difficult to investigate," an FTC official says, adding that the six examples selected by the FTC were just the most prevalent. Some chaebol have regulations that give priority to affiliates in every deal, depriving companies outside the family of opportunities, the official says.

The FTC says it will investigate unfair trading among 1,056 affiliated companies of 78 chaebol before applying the new rules restricting internal deals in September.

Business sources say they are doubtful if the rules would work.

"To do business with somebody is up to those who do," an official at a business conglomerate says. He says the

restriction of intra-chaebol deals may only mean a form of government intervention of business activities.

"Restriction of cross-guarantees would be an effective step, but I don't think that of intra-group deals would be good," the official says.

If the government earnestly wants to ban unfair trading among chaebol affiliates, it would be better to ask the conglomerates to produce balance sheets showing the performance and financial deals of all the affiliated companies as well as overseas subsidiaries, he says.

## Accord Reached With EC on Technology Cooperation

*SK0907025892 Seoul YONHAP in English 0227 GMT 9 Jul 92*

[Text] Seoul, July 9 (OANA-YONHAP)—South Korea and the European Community agreed Thursday to conclude arrangements for cooperation in science and technology in November and to strengthen industrial ties between small- and medium-sized companies.

The agreements were made at the end of a two-day Korea-EC monitoring meeting at the Foreign Ministry in Seoul.

The meeting, a prelude to bilateral high-level consultations set for Brussels in November, covered trade conditions, investment, anti-dumping, the generalized system of preferences (GSP) and cooperation pacts, Assistant Foreign Minister Ho Sung, South Korea's chief delegate, said after the talks. Gianluigi Giola, deputy director of the Directorate-General of the European Commission, was his counterpart.

The two sides decided to conclude a customs cooperation agreement and will begin working-level talks soon, Ministry officials said.

Korea strongly urged the EC to be fair in anti-dumping investigations of its exports and continued GSP status for Seoul after 1993.

The EC delegation promised fairness in its investigation and said it would submit its GSP plans to the Commission.

For stronger cooperation between small- and medium-sized businesses, the two countries agreed to review standardization of electronic industrial tie-ups, officials said.

The EC urged Korea to improve general trade conditions such as origin marking on labels, price tagging, registration of toxic substances and customs. It also sought wider foreign investment and financial market opening.

Korea agreed to study the demands.

On technological cooperation, Korea asked the EC for the same arrangements as between the EC and members of the Association of Southeast Asian Nations (ASEAN). The EC promised to include the terms in the scientific and technological cooperation pact to be signed in November, the officials said.

## ROK Ready To File Complaint on Dumping Charge

*SK0907041192 Seoul THE KOREA HERALD in English 9 Jul 92 p 8*

[Text] The Korean government is willing to file a complaint with GATT [General Agreement on Trade and Tariffs] against the U.S. administration for any dumping ruling on Korea's steel exports, jointly with the European Community and Japan.

To head off such a development, Seoul, while seeking to open bilateral talks with Washington, will try to form a united front with other accused countries, including Canada and Mexico, a senior government official said yesterday.

These provisional steps were decided at a government-steel industry meeting Tuesday [7 July] to discuss joint measures for solving the "en masse" antidumping and unlawful subsidy charges against Korean-made steel plates and sheets.

The U.S. makers of roll coils accused 21 countries, or all nations that ship steel plates to America, of dumping steel at below production cost and illegally subsidizing exports June 30.

Protectionistic sentiment was reignited by the rupture in May of Multi-Steel Agreement (MSA) negotiations, which were meant to replace the eight-year-old export-restraint agreements the U.S. makers have maintained with 27 countries, according to government and business officials.

Participants at Tuesday's government-business meeting, the first since the antidumping charges were made, decided to activate a working-level task force to effecively deal with the case. No Chang-u, director general of the Trade and Industry Ministry's [MIT] Trade Cooperation Bureau, will head the special team, also comprising director-level officials of other ministries, business officials from five involved firms, including Pohang Iron and Steel Co., and the Korea Iron and Steel Association.

The major tasks of the temporary squad will include gathering of related data, coordinating the difference of views among local producer and consumer firms of steel plates, or among producers themselves, and developing countermeasures against the U.S. action, according to the MTI official.

"We, as a matter of fact, will not be the first to raise countercharges against the U.S. government if the latter comes up with adverse preliminary rulings on foreign steelmakers, between late September and December," No said. "However," he added, "the Korean government will find no good reason not to join other countries who, facing similar damages, are now threatening to bring cross-action to the General Agreement on Tariffs and Trade."

Immediately after the U.S. steel companies filed their complaint, the European Community hinted at a possible counterclaim at the world's trade tatchdog body, other ministry officials said. Tokyo for its part said it

would have all Japanese steel firms withdraw joint-venture investments from America, while intimidating that the U.S. industry's action would prove harmful to the resumption of MSA talks. Canada and Mexico, two other major steel exporters to the United States, also said they found the measure improper as the three North American countries are moving to conclude free trade agreement.

"It is somewhat early to talk about specific steps on the government level," MIT's No conceded. "The ministry has just directed commercial attachers in the accused countries to collect information on their respective steps and the likeliness of cooperation among all involved nations," he added.

For the time being, local businesses will have to make thorough preparations for a legal battle, while the government should try to seek a politicla solution, either independently or with other governments, industry analysts say.

Korea exported $698.3 million worth of steel products, including $353.8 million in plates and sheets, to the United States last year.

It imported $959.6 million worth from America, including $290.3 million in four different plate products in 1991, according to the ministry figures. The balance sheets in steel trade point to a Seoul deficit, but U.S. makers said that America has actually suffered from loss in two-way steel trade, stating that Korea's imports of scrap iron from the United States, $483.4 million in 1991, should be excluded from the tally.

## 1991 Wage Increase Statistics Reported

*SK0907043092 Seoul THE KOREA TIMES in English 9 Jul 92 p 8*

[Text] Large domestic enterprises increased wages for their workers an average 19.94 percent last year over 1990.

Hyundai Motor paid the largest wages among them, according to a survey by the Korea Management Association.

The survey covers the nation's 635 biggest business concerns.

Hyundai Motor paid a total of 527.3 billion won to its workers last year, topping the list. The figure showed a 23.85 percent rise from 1990.

Samsung Electronics placed second with 445.3 billion won (up 23.58 percent), followed by the Korea Electric Power Corporation (KEPCO) with 435.6 billion won (up 14.5 percent), Goldstar with 367.7 billion won (up 16.68 percent) and Pohang Iron and Steel Co. (POSCO) with 316.2 billion won (up 25.23 percent).

From sixth to 10th are Kia Motors (295.6 billion won, up 21.92 percent), Korean Air (260 billion won, up 14.62 percent), Hyundai Engineering and Construction (230.5 billion won, up 14.26 percent), Daewoo (196.2 billion won, up 8.89 percent) and Hanyang (180 billion won, up 245.02 percent).

By industry, construction increased wages by 37.46 percent on the average to top the list, cashing in on a domestic construction boom last year.

Primary metals ranked second with a 21.31 percent raise, followed by banks (up 21.31 percent), retail and wholesales (up 19.48 percent), insurance (up 18.97 percent), securities (up 14.6 percent) and textiles and garments (up 12.5 percent).

## Dispute Over Local Elections Remains Unresolved

*SK0907042392 Seoul THE KOREA TIMES in English 9 Jul 92 p 2*

[Text] With the baton passed from the floor leaders in the negotiations to normalize the National Assembly, the secretaries general of the rival parties yesterday tried to bridge their differences on the sticky issue of holding mayoral and gubernatorial elections, but to no avail.

At the same time they failed to produce an agreement on a schedule for House operation. Accordingly, the plenary session which was to be convened yesterday failed to take place and Assemblymen stayed home.

The 30-day first session of the 14th-term Assembly has been at a standstill for the nine days since the inaugural ceremony on May 29.

The putting of the House in mothballs is certain to continue for a while until the rival political parties reach an accord resolving the issue of the local autonomy elections.

In the tripartite talks, Rep. Kim Yong-ku of the ruling Democratic Liberal Party [DLP] proposed simultaneous negotiations on when to hold the local elections with the revision of the Presidential Election Law.

However, Reps. Han Kwang-ok and Kim Hyo-yong of the Democratic Party and the United People's Party demanded the DLP guarantee that the mayoral and gubernatorial elections be held this year before such negotiations take place.

The ruling camp has unilaterally declared the deferment of the local elections until 1995, a breach of the relevant laws which stipulates the elections must take place within the first half of the year.

The DLP argued that the opposition camp demand for the local autonomy elections no later than December is out of touch with the opinion of the people.

## Constitution Court To Hear Case

*SK0807094292 Seoul YONHAP in English*
*0247 GMT 8 Jul 92*

[Text] Seoul, July 8 (YONHAP)—The Constitution Court agreed Tuesday to hear a suit charging that the government's postponement of local elections was unconstitutional.

A panel of judges headed by Choe Kwang-yul accepted the suit, opening the way for it to be reviewed by a college of all judges at the court.

The petition, filed by the main opposition Democratic Party, charges that postponement of the local elections was unconstitutional.

It asks the court to confirm the unlawfulness of the government's decision to delay the local elections, which it claims infringed upon the public's constitutional rights of suffrage.

## Brunei, Malaysia & Singapore

## Malaysia

### Minister Urges ASEAN To Discuss Spratlys

*BK0807141292 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 8 Jul 92*

[Excerpt] Foreign Minister Datuk Abdullah Ahmad Badawi said today the Spratlys issue can be taken up at the forthcoming ASEAN Ministerial Meeting and Post-Ministerial Conference, AMM-PMC, in Manila later this month. He said the issue involved a lot of countries. Datuk Abdullah was speaking to reporters after opening the third Malaysia-Iran Joint Commission Meeting in Kuala Lumpur today.

The Spratlys is a cluster of islands in the South China Sea, claimed in part or wholly by China, Vietnam, and several of the ASEAN countries.

Commenting on the suggestion that all countries concerned temporarily freeze their claim, Datuk Abdullah said Manila would provide the best opportunity to talk about the Spratlys, as no single country can decide what is best for every party. Any suggestion to help solve the issue amicably is most welcomed. [passage omitted]

### Iranian Vice President Continues Visit

#### Attends Joint Commission Session

*BK0907045692 Kuala Lumpur BERNAMA in English 0337 GMT 9 Jul 92*

[Text] Kuala Lumpur, July 9 (OANA/BERNAMA)—There is a need to re-examine trade between Malaysia and Iran which is relatively small and subject to fluctuations, Malaysian Foreign Minister Abdullah Ahmad Badawi said here Wednesday.

Total trade in 1991 was only U.S.$61.28 million, a drop of 33 per cent from U.S.$91.15 million the previous year.

One of the main reasons for the small trade volume was the lack of information of what each other had to offer, he said at the opening of the third Malaysia-Iran joint commission (JCM) meeting here.

He added: "But this can be rectified if we undertake to critically examine ways and means of overcoming obstacles in trade relations.

Abdullah said he was disappointed with the decline in trade between Malaysia and Iran last year.

"Efforts must be made to try to expand and diversify the items that are being traded."

He also said Malaysia believed that the private sector could play a pivotal role in helping to transform the character of Malaysia-Iran economic and trade relations.

Some 40 officials from Malaysia and Iran will discuss various topics including palm oil, taxation, banking, agriculture, joint investment and industry during the three-day meeting.

The Iranian delegation is led by Vice-President Roghani Zanjani.

#### Views Potential for Trade

*LD0907101392 Tehran IRNA in English 0856 GMT 9 Jul 92*

[Text] Kuala Lumpur, July 9, IRNA—Considering the vast potential for economic cooperation and collaboration that exists between Iran and Malaysia much more still needs to be done, Iran's Vice-President Massoud Roghani Zanjani said on Wednesday.

Speaking at the opening of the two-day meeting of the third Iran-Malaysia joint commission, he said "it is left for us to strive and continue our efforts to realise the full potential that exists, and various agreements signed by both countries could boost further existing bilateral ties".

Officials from various sectors of both countries attended the meeting, with the Islamic Republic's delegation led by Hussein Mahroo and Malaysian delegation led by the Foreign Ministry's Secretary General I. Halim 'Ali.

Zanjani, accompanied by a 23-member delegation arrived here on Tuesday for a five-day visit to Malaysia.

He said the two-day meeting will provide yet another opportunity to further re-examine various facets of economic linkage between the two countries, adding that "of utmost importance is trade."

Zanjani said with Iran and Malaysia sharing a common stand on various developments, especially on the recent issue of Bosnia-Hercegovina, it is seen that "we both have similar views in the international arena and global development."

The ongoing joint commission is expected to review the progress of implementation of the second Iran-Malaysia joint commission meeting. Among others they will discuss trade, palm oil, supply of electric equipment, oil, taxation, banking affairs, agriculture, mines and geology, industry particularly in electronic field, joint investment, transportation, post and culture.

They will also decide the date and venue for the next commission meeting.

Zanjani added that prospects for increased economic, commercial and other exchanges were promising and Iran hopes the commission would contribute significantly to higher trade level with Malaysia closer to its potential.

In his speech, Malaysian Foreign Minister Abdullah Ahmad Badawi said he was disappointed with the recent decline in trade between the two countries.

He expressed the need to re-examine trade between the two countries which was relatively small and subject to fluctuations.

One of the main reasons for the small trade volume was the lack of information of what each country had to offer, he said.

Abdullah pointed out that total trade volume between the two countries in 1991 was only 61.28 million dollars, a drop of 33 percent from 91.15 million dollars the previous year.

"But this could be rectified if we undertake to critically examine ways and means of overcoming the obstacles. Efforts must be made to try to expand and diversify the items that are being traded," he said.

Exchange of information on trade and bilateral visits are means by which both countries could progress towards achieving a step-by-step improvement in over-all relations, Abdullah said.

He added the Islamic Republic's advancement in petroleum is an experience that Malaysia could share.

"Our expertise in agricultural research could also benefit Iran. Investment is another area that merits attention," he said.

He reiterated that Malaysia's sincere desire is to see the continuation of the spirit of constructive dialogue and interaction between Iran and Malaysia.

Abdullah said "such enhanced collaboration will form an integral part of a new and vibrant relationship."

"As countries of the south, we need to further this relationship as together, we are better able to meet the changes of our time. In the process, it provides the cohesiveness of purpose in meeting the aspiration of the developing south and the challenges of the developed north," he added.

## Meets Trade Minister Abu Hassan

*BK0907085892 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 Jul 92*

[Text] Iran is very keen to emulate various efforts of the Domestic Trade and Consumer Affairs Ministry in controlling the prices of goods and having regulations to [words indistinct]. Apart from this, Iran also wants to know in depth steps taken by the ministry to provide education and protection to the consumers. The minister concerned, Datuk Abu Hassan Omar, said this to newsmen after the vice president of Iran, Mr. Roghani-Zanjani, and his delegation called on him at his office in Kuala Lumpur today. During their discussions, Malaysia said it is prepared to provide information and training on consumerism to Iranian officials.

## Greater East Asian Economic Cooperation Urged

*BK0807122292 Kuala Lumpur Voice of Malaysia in English 0800 GMT 8 Jul 92*

[Station Commentary]

[Text] The third joint research conference on Asia and Pacific relations held in Kuala Lumpur this week, helped to highlight the progress in the steps that were taken to further enhance the economic development of the region. Of particular interest to the East Asian nations toward the emphasis on the need for greater regional cooperation and integration in the light of the rapid political and economic changes taking place around the world following the end of the cold war era. [sentence as heard]

The economy experts of the Institute of Strategic and International Studies, ISIS, which organized the conference, were of the view that East Asian economic integration cannot distort [as heard], and the concept of an East Asian economic cooperation is an idea which will be a reality in due course. There is no doubt whatsoever that East Asia is the fastest economic and developing region in the world, and that its present dynamic growth rate is unrivaled by any other.

The time is ripe for East Asian countries, instead of competing with each other for overseas markets, to concentrate on building a common platform which can be used to exploit markets both within and outside the region.

The Malaysian-initiated East Asia Economic Caucus, EAEC, may just be the answer. Malaysia has gone to great lengths to explain the concept of EAEC. There is no question of a trading bloc being created, but rather a forum to discuss the region's economic interests as well as the [words indistinct] at international trade negotiations such as the Uruguay Round.

Whoever chooses to misinterpret the idea must be belittled because either they choose to ignore the basic intention behind the concept, or they fear an East Asia that is so fast on the rise it is becoming increasingly competitive in the international economic arena. It is difficult for them to perceive EAEC as simply a nonconsultative mechanism, which along with APEC [Asia Pacific Economic Cooperation], could advance the GATT's principles of a more free and open global trading system. East Asian countries can also serve as regional markets as a means of counterbalancing the current impasse of the Uruguay Round and in bringing about a satisfactory agreement to the Uruguay Round.

In an increasingly interdependent world, East Asia is considered to be related with the rest of the world as the [words indistinct]. Where the European Single Market and the North America Free Trade Area are concerned, East Asia's most effective response will be to ensure a continuing drive to export its goods as competitively as possible. There are already clear signs of a resurgence of an East European economy, especially with the massive aid they are receiving from the industrial powers. It will

only be a matter of time before they will be challenging the countries of East Asia for export markets.

It will be clearly to the advantage and benefit of East Asian countries to work towards closer cooperation, understanding, and solidarity among themselves. Such cooperation, besides holding vast potential to further enhance the dynamism of the East Asian economy, (?will be needed) by the region as a whole to sustain its economic prosperity in the years to come.

### Proclamation of Constitutional Principles

*BK0807151392 Kuala Lumpur NEW STRAITS TIMES in English 8 Jul 92 p 28*

[Editorial: "Malaysia Passes Another Test"]

[Text] The signing of a Proclamation of Constitutional Principles by Malaysia's rulers last weekend averted what might have become a full-fledged dispute, reminiscent of the constitutional crisis nine years ago. Certainly, there is a major difference between the two developments. In the first, the withholding of royal assent to the Constitution (Amendment) Bill 1983—which sought to define the powers of a constitutional monarch—led to a full-blown debate on the fundamentals of parliamentary democracy in Malaysia. As one commentator put it then, the country faced a choice between sticking to what effectively was a "monarchical constitution", and moving towards a constitutional monarchy. A monarchical constitution had suited the national temper well in the first political generation after Merdeka. However, the second generation, which saw the emergence of a Malay middle-class symbolised by Prime Minister Datuk Seri Dr Mahathir Mohamad, wanted to move on to a genuine constitutional monarchy. In such a system, parliamentary democracy would be a joke if the King could withhold consent to laws passed by Parliament. The constitutional crisis ended after five months in a compromise that essentially upheld this point.

Last week's proclamation was not as much about fundamentals as a reiteration of them. It was a reminder that the balance achieved in 1983 was there to stay, that the Malaysian Government would not allow the parameters of the rulers' role to be shifted. The need to re-clarify that role followed vocal complaints made at the General Assembly of the United Malays National Organisation (UMNO) last November that the rulers were abusing their positions. UMNO, head of the ruling National Front coalition, then drafted a code of conduct for the monarchs. Last week, six of the nine rulers and the Yang di-Pertuan Agong, Sultan Azlan Shah, assented to the proclamation, which rules out any political role, direct or indirect, for the monarchs; prevents them from engaging in any commercial enterprise except by way of trust; and does not permit their interference in government affairs. As in 1983, the document reinforces the central point that the rulers must not overstep their power.

What is significant about the proclamation is the way it reflects the reality of Malaysia's political and social situation. As in 1983, UMNO worked hard to counter opposition charges that its move on the monarchs was a step towards turning Malaysia into a republic. As head of Islam in his state and as upholder of Malay rights, the Sultan is an object of reverence, especially among rural Malays. It is the same Malays who form much of UMNO's political base. The sophistication of the Malaysian system lies in this interlocking system of political power and symbolic reverence. Just as the monarchs symbolise Malay rights, a united Malay population—an objective contained in UMNO's very name—makes the symbol meaningful. One strand of UMNO thinking, therefore, is that just as the party's contribution to Malay unity upholds the role of the monarchy, the rulers should not intervene politically to challenge UMNO's political dominance. Any perceived attempt by them to do so—as allegedly was the case, for example, in Kelantan, where the Islamic party PAS is in power—is seen by UMNO as going against the quid pro quo. The code of conduct suggests that this must not happen, because it would affect the strength of constitutional monarchy in Malaysia—the monarchs as much as the constitution.

These factors are of domestic interest to Malaysians. The proclamation's value to their neighbours lies in the proof it provides, once again, of the maturity of the country's constitutional politics. National stability is enhanced when the potential for constitutional disagreement is averted through a compromise in which no one loses face. In reiterating the lessons of 1983 without divisive debate, the code of conduct enhances Malaysia's stability. And that is good for its neighbours.

## Singapore

### President Wee Returns From Brunei Visit

*BK0807153692 Singapore Singapore Broadcasting Corporation in English 1100 GMT 8 Jul 92*

[Text] President Wee Kim Wee and Brunei Sultan Hassanal Bolkiah have set [words indistinct] for the two countries to work together. A presidential spokesman said President Wee's visit to Brunei had been successful in strengthening the already close ties and promoting good-will. The spokesman said the two aims of the visit were achieved because the Brunei sultan, his government, and people had the same desire.

On institutionalizing ties, he said the vast network of contacts between leaders, bureaucrats, businessmen, and people in general ensured the continuity of good relations. However, things must not be taken for granted. Steps must be taken to ensure that Brunei and Singapore will be firm friends and good neighbors [words indistinct].

President Wee Kim Wee and his delegation returned home this afternoon after a three-day state visit, which was at the invitation of Sultan Bolkiah and was the first by a Singapore head of state.

### Measures To Combat Piracy Set Up With Indonesia

*BK0807150092 Singapore Singapore Broadcasting Corporation in English 1400 GMT 8 Jul 92*

[Text] Singapore and Indonesia today set up measures to deter piracy in regional waters. Under an agreement on coordinated patrol signed in Jakarta, vessels from the Navy and Marine Police of both countries will conduct coordinated patrols in the Singapore Straits and the Philips Channel. The exchange of information on piracy will also be set up. [Words indistinct] Chief of Staff of ABRI [Armed Forces Of the Republic of Indonesia] signed the agreement for the Indonesian Armed Forces, while Lieutenant General Lee Hsien Yang, director of joint cooperation and planning, signed for the SAF [Singapore Armed Forces] and the Marine Police.

They will also cochair the Indonesia-Singapore Joint Coordinating Committee. They should meet on a regular basis to review the progress of coordinated patrols.

## Cambodia

### Hun Sen on Sanctions Against Khmer Rouge

*BK0907091392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 9 Jul 92*

[Report with recorded portions on a meeting of Cambodia's Supreme National Council; Hun Sen replies to all reporter's questions in Cambodian with superimposed English translation—translation is from the Cambodian; unidentified reporter's questions are largely indistinct in various vernacular languages with superimposed Cambodian translation]

[Text] A meeting of the Cambodian Supreme National Council [SNC] was held under the chairmanship of His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the SNC, and His Excellency [H.E.] Yasushi Akashi, special representative of the UN secretary general and head of the UN Transistional Authority in Cambodia [UNTAC], at 1500 on 8 July at Khemarin palace. Also present were Their Excellencies Hor Namhong, Dit Munti, Im Chhunlim, General Tie Banh, and Senior Lieutenant General Sin Sen; on the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] side, Prince Norodom Ranariddh; on the Khmer People's National Liberation Front side, Their Excellencies Son Sann and Ieng Muli; and on the Party of Democratic Kampuchea side, H.E. Khieu Samphan.

The meeting was also attended by their excellencies ambassadors and representatives of diplomatic missions from various countries accredited to Cambodia, and many UNTAC officials.

His Excellency Hun Sen talked to many local and foreign reporters after leaving the meeting at 1730 on 8 July. Our radio would like to broadcast this now:

[Begin recording] [Hun Sen] We are now at a very serious impasse. It is certain that the Khmer Rouge have rejected what have been called unofficial documents framed in Tokyo. Thus, our side thinks that the meeting within the framework of the SNC and UNTAC cannot solve the problem. The Khmer Rouge cannot be persuaded to come back. Today, HRH Prince Norodom Sihanouk and H.E. Akashi tried to account for Mr. Khieu Samphan's stance. The answer we received, however, is a hopeless reply. At this meeting, I proposed that the international community take necessary measures to protect the parties that have cooperated with UNTAC. We cannot move forward or backward in the current situation. The Cambodian people are dying everyday because of Khmer Rouge violations. A contingent of UNTAC forces deployed in Khmer Rouge zones is jobless, and another in the three zones that are cooperating with UNTAC are also not fully effective because troop cantonment and demobilization cannot be implemented.

Responding to my appeal, H.E. Akashi said that he will report to the UN Security Council. I do not know what will happen in the future. However, I want the UN Security Council to make a clear decision on what to do against those who violate the Paris agreement and do not implement it.

[Reporter] [Words indistinct].

[Hun Sen] I want sanctions to be enforced since it is now time to talk about sanctions. Today the Khmer Rouge made it clear that they will not implement the second phase, meaning that they are not implementing the Paris agreement. So what is the point of allocating time for persuading the Khmer Rouge? If we delay this and wait to persuade the Khmer Rouge, it will be futile. Thus there should be sanctions against the Khmer Rouge.

[Reporter] [Words indistinct].

[Hun Sen] I think it depends on the kind of measures adopted. Economic and political measures would be quite effective in pressuring the Khmer Rouge. This is also an opportunity to prevent the Khmer Rouge from using others as hostages. Otherwise, those who cooperate with the Paris agreement would become victims and the Cambodian people would continue to be victims because of the Khmer Rouge's violations.

It is therefore time for the international... [changes thought] the Security Council to make a clear decision as to whether to choose the Cambodian people as well as other parties cooperating with UNTAC and impose sanctions against the Khmer Rouge. We know, however, that whatever we do is aimed at bringing the Khmer Rouge back. We do not want to see the Khmer Rouge out (?of this permanently).

[Reporter] [Words indistinct].

[Hun Sen] I think it depends on the attitude adopted toward the Khmer Rouge. If the sanctions are insignificant, the Khmer Rouge will continue to be stubborn; but if they are

sufficiently strong, they could return. Sanctions should be genuinely effective if they are going to be imposed.

[Reporter] [Words indistinct].

[Hun Sen] In my opinion, political sanctions have already been imposed by the Khmer Rouge themselves except for legal measures. By refusing to implement the agreement, the Khmer Rouge have made themselves outlaws. All that remains is to certify that the Khmer Rouge are a group of bandits outside the law.

[Reporter] [Words indistinct].

[Hun Sen] The issue is this: Should the Khmer Rouge be left within the legal framework and use its right to veto to destroy the entire agreement or should sanctions be imposed to discard the Khmer Rouge and save a large part of the agreement?

The Khmer Rouge are not now implementing the agreement and yet they remain a legitimate organ within the SNC. They therefore use their veto right to destroy the agreement. If we continue this way, I think it will lead to a complete failure. This is inevitable.

[Reporter] [Words indistinct].

[Hun Sen] The main thing is that the two sides have agreed on the unofficial documents in Tokyo. What I have just said is, I do not know what other parties think.

[Reporter] [Words indistinct].

[Hun Sen] I think we all should not play the Khmer Rouge's game because right now the Khmer Rouge are demanding renegotiations. Therefore, we should not play their game. The Paris agreement is the result of difficult and complex negotiations over four years. Now the Khmer Rouge are preparing the stage for renegotiating the agreement and not implementing it. If we do not forge ahead now and instead turn to renegotiating the agreement, this would be falling into the Khmer Rouge trap.

[Reporter] [Words indistinct].

[Hun Sen] I want to use economic sanctions first. This is a matter that is also effective for the process at this stage. The Khmer Rouge should be told that their leaders are opponents of peace. This means that it is a political movement aimed at convincing those under the Khmer Rouge that the peace process is the best path for them. This is also part of a political pressure campaign on the Khmer Rouge.

[Reporter] [Words indistinct].

[Hun Sen] I cannot imagine this because this is the mandate of the UN Security Council, which is beyond my level. However, in my opinion, I will support whatever is done to forge ahead and implement the peace agreement in Cambodia.

[Reporter] [Words indistinct].

[Hun Sen] Here is the way. First provide assistance to the Cambodian people in zones of the parties that coooperate with UNTAC and do not provide aid to zones under Khmer Rouge control. Providing aid to the Khmer Rouge-controlled zones is tantamount to encouraging the Khmer Rouge to continue opposing the Paris agreement.

Second, the zones controlled by parties that cooperate with UNTAC should be encouraged. The living standards in these areas should be improved. I think this will have a very strong political and psychological impact among the Khmer Rouge ranks and the people under Khmer Rouge control. At the same time, a trade embargo should be undertaken at all points in and out of Khmer Rouge areas. The search can be made for money the Khmer Rouge have deposited in foreign banks, money resulting from the sale of gemstones and timber in these areas.

We think that economic sanctions will weaken the Khmer Rouge to a certain degree. The long Cambodian-Thai border, however, is a concern. But I think that along the Cambodian-Thai border, only a limited number of passes can be used by trucks. Logs cannot be felled and exported by carrying them over people's shoulders. If we close off these passes, supplies cannot be taken to the Khmer Rouge zones by trucks. There is a big difference between transporting by truck and carrying loads over people's shoulders through forests and over mountains. I think that other measures could also be found if people want to impose sanctions against the Khmer Rouge.

I would like to stress, however, that what we want is not to see any sanctions imposed against the Khmer Rouge to the point of excluding them. Such a situation would be very bad. We may not be able to avoid this if the Khmer Rouge continue to behave this way. All of us cannot become hostages of the Khmer Rouge. The Paris agreement cannot remain a hostage of the Khmer Rouge. [end recording]

## Khmer Rouge Attacks UNTAC Helicopter 7 Jul

*BK0907121092 Phnom Penh SPK in English*
*1110 GMT 9 Jul 92*

[Text] Phnom Penh SPK July 9— A helicopter of the United Nations Transitional Authority in Cambodia (UNTAC) was attacked on July 7 over the bordering area between Takeo and Kompong Speu Provinces.

According to military sources in Takeo Province, the white-painted U.N. helicopter was attacked with D.P.M. assault gun by Khmer Rouge while it was flying on a duty mission over Prey Rumdeng village, west of Bar Set District.

The source said one pilot was wounded and the left wind-screen of the aircraft was completely broken. Soon after being attacked the U.N. aircraft landed safely in Rokar Thom village, Bar Set District, for repairing.

In the third week of June, Khmer Rouge's soldiers also fired automatic rifles at a U.N. helicopter flying over a disputed area some 50 kilometers north of Kompong Thom Town and not far from the location of another Khmer Rouge's atack in February on a U.N. helicopter.

## Khmer Rouge Commentaries on Current Impasse

### UN Urged To Conduct Referendum

*BK0907064592 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 8 Jul 92*

[Station commentary: "The Head of the UN Transitional Authority in Cambodia, Who Repeats That There Is No Vietnamese Presence in Cambodia, Should First Conduct a Referendum and Foster Democracy, Then He Will Be Able To Blow the Vietnamese' Covers"]

[Text] The inhabitants of Mongkolborei District of Battambang Province ask whether the UN Transitional Authority in Cambodia [UNTAC] has come to Cambodia to help Cambodians or to collude with the Vietnamese to put pressure on the Cambodian resistance fighters. If you say you have come to help the Cambodians make the Vietnamese leave the country, you should join forces with the Supreme National Council [SNC] to meticulously verify the Vietnamese presence and should not just say: There are no Vietnamese, there are no Vietnamese.

One man has said: Vietnamese troops are currently disguising themselves as civilians. I distinctly recognize three Vietnamese soldiers. Those men were platoon or company commanders posted in Leach District of Pursat Province in 1987. Now, the first one called Thanh has become a bicycle repairman at Toek Thla Village; the second, Hoa Binh, a barber at Sereisaophoan Market; and the third, Nguyen Hanh, a fabric merchant at Mongkolborei Market. Actually, they are currently controlling and leading the authorities in the district from the communal to village levels. As for the A-3 police force, it is also headed by the Vietnamese. He added: If UNTAC wants to know whether or not the Vietnamese are still in Cambodia, it should carefully scrutinize biographies of the Cambodian people. Another man has said: Should a referendum be organized, the Vietnamese' cover would certainly be blown.

### Says Phnom Penh Government 'Traitorous'

*BK0907045692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 8 Jul 92*

[Station commentary: "The Paris Accord Can Only Progress If Supreme National Council Plays Its Concrete Role as the Unique Authority of Cambodia During the Transition"]

[Text] The Paris accord clearly stipulates that the Supreme National Council [SNC] is the sole source of authority in Cambodia in the transition period. This means that the other government, meaning the Vietnamese lackey puppet government, no longer exists in Cambodia. Over the past more than eight months since the signing of the Paris accord, however, the SNC has only had a hollow role and has become a smokescreen for the Vietnamese aggressors' lackey puppet regime. The Vietnamese aggressors have also made use of the SNC's legitimate role to legalize, strengthen, and expand the so-called Cambodian Government, a traitorous government that is selling the nation to Vietnam. This is why the comprehensive implementation of the Paris accord has been stalled.

Now, public opinion is united in the belief that there is no other government except the SNC during the transition period in Cambodia. But the concrete problem is said to be the Vietnamese not having agreed to dismantle the traitorous puppet government in Phnom Penh. We wish to ask whether they should be allowed to further their occupation of Cambodia or whether the Paris accord should be implemented?

They Cambodian people and national resistance forces have repeatedly asserted that they are not going to kneel and allow the Vietnamese aggressors to occupy Cambodia, come hell or high water. They want to have the Paris accord to be implemented concretely. The key issue is the SNC should be allowed to play its full role as the sole source of authority in Cambodia during the transition. As for the Vietnamese lackey puppet authorities, they have never existed.

## CPP Receives Anniversary Message From Laos

*BK0807074392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 8 Jul 92*

[Text] The Cambodian People's Party [CPP] Central Committee received a congratulatory message from the Central Committee of the Lao People's Revolutionary Party [LPRP] on the 41st anniversary of the CPP. The message says in essence:

On behalf of the LPRP Central Committee, we would like to warmly congratulate the CPP Central Committee, the leadership, and all party members on the 41st anniversary of the party, 28 June 1951-28 June 1992. The CPP has tirelessly led the people to struggle, overcome all kinds of difficulties, and score brilliant victories in the cause of liberating the nation during the past 41 years.

The LPRP Central Committee would like to sincerely praise the victories of the fraternal CPP. We firmly believe the party leadership will be able to win new and greater victories in implementing its national reconciliation policy with ample opportunity, varied experience, and outstanding tradition in the face of international and regional situations.

We would like to take this opportunity to wish that the friendship and solidarity and traditional cooperation between our two countries' parties and people will develop closely and constantly.

## Indonesia

### Libya Opens Diplomatic Mission in Jakarta

*BK0807134692 Hong Kong AFP in English 1325 GMT 8 Jul 92*

[Text] Jakarta, July 8 (AFP)—Libya has opened a diplomatic mission in Jakarta, its head said Tuesday, as an Indonesian official denied that this contravened a resolution of the U.N. Security Council.

Ibrahim Merrah, who has the rank of first secretary, told AFP that the Libyan "People's Bureau," as Tripoli calls its diplomatic missions, had opened here "last month" and was temporarily housed in a suite in a luxury hotel, the Borobudur.

He said he hoped the ambassador would arrive before the September 1 opening of the summit here of the Non-Aligned Movement, which Indonesia heads. Libyan leader Mu'ammar al-Qadhdhafi is expected to attend the five-day conference.

An official of the Indonesian foreign ministry said Merrah and his two staff "enjoy full diplomatic privileges functioning in advance of the arrival of an ambassador."

The official dismissed suggestions that the opening of the mission might go against U.N. Security Council Resolution 748, passed on March 31, which called on states to cut significantly the number and level of Libyan diplomatic missions on their soil and restrict the movements of their personnel.

"The matter was studied," the official said of the resolution. "I think you must really scrutinize the wording very carefully."

Resolution 748, which also imposed an air and arms embargo on Libya, was passed in a bid to persuade Tripoli to hand over two men wanted by the United States and Britain in connection with the bombing of a U.S. airliner over Scotland in 1988. The embassies of the United States, Britain and France, which is also seeking to question Libyans over the crash of a French airliner over Niger in 1989, declined to comment on the opening of the Libyan mission Wednesday.

Well-informed sources stressed, however, that the committee established to monitor Resolution 748 could give a ruling if the matter were submitted to it.

Analysts meanwhile said Jakarta's action in allowing the mission to open risked provoking a North-South confrontation, given Indonesia's position as chairman of the Non-Aligned Movement.

Merrah, who has the position of charge d'affaire, though not the title, told AFP that with the two other Libyan diplomats he now had the task of finding a site for Tripoli's future embassy.

Libya has never had an embassy in Indonesia, and relations between the two countries have been strained. At the end of the 1970s, rumours circulated that Libya was providing aid to separatist Moslems in Aceh province in the far north of Sumatra.

Indonesia's reconcilation with Libya follows the reopening of the Cuban embassy here. Relations between Havana and Jakarta had also been cold since 1965, when the Cuban embassy had refused to lower its flag to half-mast after several Indonesian generals were assassinated in a coup attempt blamed on the Indonesian Communist Party.

But unlike the reemergence of Cuban-Indonesian ties, announced openly on June 26 when the new ambassador from Havana presented his credentials to President Suharto, the establishment of the "People's Bureau" has been carried out discreetly and at the lowest possible level.

Merrah refused to give any details on its exact opening date beyond saying it was "last month." But other embassies in Jakarta have been informed in a diplomatic note received during the last three days but dated June 22.

## Philippines

### Ministers To Hold Spratlys Talks in Manila

*HK0907025392 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 8 Jul 92*

[Text] Foreign ministers from 19 [number as heard] nations claiming the oil-rich Spratly Islands are scheduled to meet in Manila during the 25th [Asean] Ministerial Meeting from 21 to 26 July 1992.

The countries claiming ownership of the Spratlys are China, Vietnam, Taiwan, Malaysia, Brunei and the Philippines.

### Ramos on 'Significant Changes' in U.S. Ties

*HK0907092392 Hong Kong AFP in English 0907 GMT 9 July 92*

[Text] Manila, July 9 (AFP)—President Fidel Ramos called Thursday for stronger ties with Europe and Southeast Asia following the Philippines' break with its old military ally the United States.

"I think you are aware of the very significant changes in our own relations with the United States arising out of the termination of the Philippines-U.S. Bases Agreement," he told a seminar on the European Community (EC).

The last remaining U.S. troops will leave this former colony by December following the Philippines' rejection of a new base treaty, prompting Washington to drastically slash aid to Manila.

Ramos, a U.S.-trained former general elected president in May, said the end of the bases pact "put into a new dimension" the need to foster closer economic and political ties with Europe.

Ramos noted that he himself belongs to the Europe-based Christian Democratic movement, and that his incoming foreign secretary, former businessman Roberto Romulo, last served as ambassador to Brussels and the EC.

The Philippines belongs to the Association of Southeast Asian Nations (ASEAN), along with Brunei, Indonesia, Malaysia, Singapore and Thailand.

Ramos said his administration had paid "intensified attention" to ties with ASEAN and the EC following the lead of his predecessor Corazon Aquino

Diplomats say Manila's U.S.-focused diplomacy in the past made it the odd man out in ASEAN, which adheres to military neutrality.

Manila will host the ASEAN foreign ministers' meeting here on July 21. Ramos has called for a regional security arrangement with the phaseout of the U.S. forces from the Philippines.

## Estrada Formally Installed in Anticrime Commission

*HK0807131592 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 8 Jul 92*

[Text] Executive Order No. 3, which was issued by President Fidel V. Ramos to create the Presidential Anticrime Commission [PAC], becomes effective today. The PAC will be headed by Vice President Joseph Estrada. The anticrime body will have an initial budget of 12 million Philippine pesos to finance its operations. Its funds will come from the president's contingency fund.

Under Executive Order No. 3, Estrada has the power to seek help from the different government agencies in fulfilling his tasks.

In a news conference, Presidential Spokesperson Annabel Abaya enumerated the crimes that will be handled by the PAC.

[Begin Abaya recording—in English] Offenses covered by the executive order includes: organized or syndicated crimes including, but not limited to, gunrunning, illegal logging, robbery, kidnapping for ransom, white slave trade, illegal recruitment, car theft, smuggling, piracy, drug trafficking, falsification of land titles and other government forms, large-scale swindling, film piracy, counterfeiting, and bank fraud. Heinous crimes or those committed in a manner revolting or shocking to the common sensibilities of man are also covered by this executive order. [end recording]

Vice President Joseph Estrada was formally sworn in this afternoon as head of the PAC. The swearing-in ceremony, which was administered by President Ramos, was held at Malacanang Palace.

Estrada, after being sworn in, said he was happy with the provisions of the executive order. He also said the president would be giving him the appropriate support in his mission to rid the nation of crime.

Here is Jojo Ysmael with the details:

[Begin Ysmael recording] At the news conference held today at the vice president's office, Estrada said that, contrary to speculation, President Ramos personally assured him that he will get Malacanang's full support in fulfilling his new assignment as crime-buster.

Estrada said President Ramos has already ordered Local Government Secretary Rafael Alunan and Justice Secretary Franklin Drilon to coordinate with the PAC in his new deputies in the commission, which was formally created today by Malacanang Executive Order No. 3.

In line with this, the PAC was instructed to recommend the investigation and speedy trial of all criminal cases against the different syndicates in the country. [sentence as heard] [end recording]

Meanwhile, President Ramos praised Vice President Estrada for agreeing to head the PAC.

[Begin Ramos recording—in English] I would also like to express on this occasion my very sincere appreciation to Vice President Joseph Estrada for undertaking this role at my behest, even if he doesn't have to. But he still accepted it so that we can not only suppress crime and make law enforcement more effective, but also so that our people's concerns with regard to their safety and public safety, in general, will be properly recognized. [end recording]

## Death Penalty for 'Heinous' Crimes To Be Revived

*HK0907025192 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 8 Jul 92*

[Text] President Fidel Ramos has ordered Cabinet Cluster E, or the national security cluster, to immediately outline an administration bill to revive the death penalty for heinous crimes.

Ramos will certify the death penalty for an urgent administration bill in order to speed up congressional approval.

Ramos earlier mentioned he was in favor of reinstating the death penalty for heinous crimes. He expressed confidence that the death penalty is effective in preventing such crimes.

## Ramos' Unilateral Approval of Debt Deal Viewed

*HK0907025292 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 8 Jul 92*

[Text] Members of the Senate chastised President Fidel V. Ramos for the latter's decision to push through with the 4 billion [no currency indicated] plus debt restructuring plan without consulting Congress. The cabinet endorsed the debt restructuring plan and, according to Central Bank Governor Jose Cuisia, the plan is likely to be approved by the government and foreign commercial banks by 23 July or 24 July in either Tokyo or Washington.

In line with this, Senator Ernesto Maceda charged Ramos with repeating the same mistakes made by President Aquino by entering into an agreement without consulting Congress. Meanwhile, Senator Wigberto Tanada said the president's approval of the debt package will have dire consequences for the Ramos administration.

## Ramos To Continue Aquino Economic Programs

*HK0907065492 Manila Far East Broadcasting Company in Tagalog 0100 GMT 9 Jul 92*

[Text] President Fidel V. Ramos has announced that he will continue with the Aquino administration's IMF-approved economic stabilization program to maintain the trust of the country's foreign creditors. He added that he will begin talks with the IMF and the World Bank for a medium-term program that will pave the way for the country's economic progress.

## PAF Receives Last of Rockwell Attack Aircraft

*HK0907051892 Manila BUSINESS WORLD in English 9 Jul 92 p 12*

[Text] Villamor Air Base—The Philippine Air Force [PAF] received yesterday the last batch of nine OV-10 "Bronco" attack planes in ceremonies held at the Kalayaan Lounge in this base.

Maj. Gen. Loven C. Abadia, PAF commanding general, said yesterday's delivery completed the 24-aircraft deal undertaken by the PAF under the Foreign Military Sales Agreement.

The twin-engine turbo prop aircraft manufactured by the North American Rockwell Corp. are intended to replace the few aging AT-28D Tora-Tora planes being used in the current counter-insurgency campaign.

Although the "Bronco" is an old aircraft (it was used during Vietnam War), it is a worthy replacement for the "Tora-Tora."

The "Bronco" is a versatile aircraft capable of performing a variety of military missions, including observation and reconnaisance, helicopter escort, ground attack, target marking, artillery spotting, liaison, utility, and light transport. It can also be armed as a strike aircraft.

The first batch of OV-10s was delivered last November, 1991, while the second batch was turned over last January.

Abadia and Brig. Gen. Rodolfo Estrellado, commander of the 15th Strike Wing in Sangley Point in Cavite City, received the documents of the nine aircraft.

## Malacanang Appoints More Cabinet Members

*HK0907061292 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 9 Jul 92*

[Text] Presidential Spokeswomar. Annabel Tecson Abaya announced today during a press conference at Malacanang, the names of several new cabinet members. The new appointees included Tagumpay Jardiniano as the new administrator of the Export Processing Zone Authority; Jose Marie Hiroch, under secretary for agriculture; Renato Valencia, administrator of the Social Security System; Juanito Ferrer, chairman of the Philippine Veterans Investment and Development Corporation; Manuel A. Lanting, under secretary of agriculture; and Eduardo Joaquin, general manager of the Philippine Tourism Authority.

## Businessmen Oppose Amnesty for Gang Leader

*HK0907060992 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 9 Jul 92*

[Text] Mindanao businessmen have opposed the plan to include in the government's amnesty offer Attorney Daguk, alias Commander Mubarak, leader of the kidnap for ransom gang and other kidnappers in Mindanao.

The Peace and Order Council and the Cotabato Group have endorsed the government's proposal to create an amnesty package for all kinds of rebels. Meanwhile, the local Chamber of Commerce and Industry is against the proposed amnesty for kidnap for ransom gangs.

Mubarak, who has been suspected as the brains behind almost every kidnapping in Mindanao, still holds three hostages in General Santos City.

In a letter, Mubarak said he will surrender to the government only if it enforces the Tripoli Agreement, an accord that can give autonomy to Mindanao, Sulu, and Palawan. This treaty was signed by the Moro National Liberation Front and the Marcos administration.

More than 40 prominent citizens in Mindanao have been victimized by Mubarak's kidnap operation, which has already collected over P40 million [pesos], according to the military.

Despite the amnesty proposal, Coronel Herminio Limun, Mindanao Antikidnapping Task Force chief, said his men have been continuing their operations against Mubarak's group.

### Rebels Laying Down Arms Not Requirement for Talks

*HK0807131392 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 8 Jul 92*

[By Rodney Jaleco]

[Text] The military is prepared to talk with the communist rebels even if the latter have not agreed to abandon their armed struggle. Colonel Ernesto Carolina, Armed Forces of the Philippines [AFP] spokesman, said the military is prepared to abide by any of President Ramos' orders and is currently waiting for his formal orders. According to Carolina, there has been a change of heart with regard to amnesty and peace talks with New People's Army [NPA] rebels even among AFP field commanders who had earlier rejected such a proposal.

Carolina said although the laying down of arms will no longer be a requirement for possible peace talks, the military will still try to have this included in the discussions with rebel leaders.

Meanwhile, Lieutenant Colonel Benjamin Enrile, AFP information chief, stressed that there is a difference in terms between Malacanang's proposal of cessation of hostilities and the rebels' cease-fire demand. Enrile said a cessation of hostilities will only put a halt to all military offensives; however, field commanders may still launch defensive military operations. Under a cease-fire, the military will be forced to stop all its operations against the Communist Party of the Philippines-NPA, including its defensive operations.

### Communist Rebels Draft Barangay Cooperative Plan

*HK0907045892 Manila MANILA BULLETIN in English 9 Jul 92 p 1*

[By Louie Perez]

[Text] The Communist Party of the Philippines-New People's Army Panay Regional Party Committee (PRPC) drafted a plan during its recent plenum in Iloilo City to establish a barangay cooperative system in the island to cushion its financial condition. Earlier intelligence reports indicated that the PRPC resorted to "usurious lending operations" in the coastal towns of western Panay to augment their "sagging finances."

Armed Forces of the Philippines (AFP) Civil Relations Service (CRS) chief Brig. Gen. Romeo A. Padiernos disclosed that the PRPC conference drafted countermeasures against the current sustained counterinsurgency (COIN) operations in the island.

**Problems**

Party cadres identified four [number as published] major problems during the plenum, namely increasing difficulty in recruiting new members to replace killed ones, surrendered or captured guerrilla regulars, the presence of AFP and Citizens Armed Forces Geographical Units (CAFGU) which crippled the fund-generating operations, decreasing PRPC strength due to continued manpower and firearm losses and failure of local NPA commanders to deliver "access fees" collected from their "permission to campaign taxes" (PCT) during the last elections.

Gen. Padiernos said the PRPC thrusts confirmed the military's suspicions about the insurgents' "acute tactical, financial and logistical problems" which are affecting their morale.

A recent military intelligence report revealed Government's gains against the insurgency and secessionist movement as of June 30.

"Tactical engagements" as well as firearms gained and lost to the enemy have posted marked improvements since January last year. Government-insurgent encounters improved from 2.81:1 last year to 2.66:1 last June.

The arms gained-and-lost ratio for the same period improved from 1.13:1 last year to 1.65:1 last semester but fatality ratio suffered from 1:207 last year to 1:1.90 last semester.

The report disclosed significant decreases in Communist Party of the Philippines-New People's Army strength, firearms, affected barangays and guerrilla fronts which dropped 13,480 from 25,800 in 1988.

Secessionist strength declined from 26,200 in 1987, 20,230 in 1990, 19,795 last year to 19,670 last month. Their firearms declined from 14,000 in 1987, 12,580 in 1990, 12,500 last year to 12,390 last month.

Secessionist-affected areas levelled off since 1991 with 1,199 barangays, although this is a nine percent decrease from 1,317 barangays in 1988. Violent incidents involving secessionists registered a low 52 incidents, or a drop of 97 percent from 1979's 1,971 cases.

While Government is more confident with the anti-secessionist campaign, the secessionists' strength and firearms are higher than that of the insurgents.

## Thailand

### Khmer Rouge's Son Sen in Talks With Officials

*BK0907095092 Hong Kong AFP in English 0931 GMT 9 Jul 92*

[Text] Bangkok, July 9 (AFP)—Thai officials have held talks here with a senior leader of the Khmer Rouge in a bid to convince the radical guerrilla faction to rejoin Cambodia's peace process, reliable sources said Thursday.

The talks Wednesday between Khmer Rouge military leader Sonn Sen and Bangkok Foreign Ministry officials took place as his group again refused to lay down its arms during a meeting in Phnom Penh of Cambodia's rival factions.

The Khmer Rouge, the strongest guerrilla faction by far to fight the Phnom Penh government during the Cambodia war, has refused to cooperate with the programme

launched last month by the United Nations for disarming the country's rival forces.

The Marxist group has demanded the dissolution of the Phnom Penh government as a precondition to complying with the plan and going along with the peace agreement signed last year in Paris finally ending Cambodia's 13-year war. In a radio broadcast monitored here the Khmer Rouge described Phnom Penh as "a Vietnamese lackey puppet government" and a "traitorous government that is selling the nation to Vietnam." The group whose murderous near-four year rule in Cambodia under Pol Pot was ended in January 1979 following a Vietnamese invasion of the country wants an enhanced role for the Supreme National Council (SNC), a reconciliation body of the rival factions formed under the Paris accord. Details on the discussions between Son Sen and the Thai Foreign ministry officials were sketchy.

But the sources said the Khmer Rouge leader had elaborated on his faction's position in "concrete" terms. "The Thais wanted more information on what the Khmer Rouge want to see whether something could be done to address the group's concerns," a source said.

Thai officials had already held meetings over the past few weeks with Khmer Rouge leaders to seek ways of breaking the current impasse.

Son Sen apparently said during Wednesday's discussion that the Khmer Rouge was prepared to allow officials of the U.N. High Commission for Refugees (UNHCR) to visit areas under the faction's control to check preparations being made there for the repatriation of refugees from Thailand.

Under the Paris agreement the UNHCR is responsible for the return of refugees scattered in a string of camps along Thailand's border with Cambodia. The settlements are run by the Khmer Rouge and other guerrilla groups which fought Phnom Penh in the Cambodia war.

The Khmer Rouge has so far virtually banned U.N. officials and troops of the U.N. Transitional Authority in Cambodia (UNTAC) from entering border zones they control although Thai companies have been given gem-mining and logging concessions in those areas.

The Khmer Rouge has prevented, in particular, Dutch marines to deploy in the ruby-rich Pailin area of northwestern Cambodia where they have been assigned by the UNTAC.

During Son Sen's meeting with the Thai Foreign Ministry officials the issue of the ban of the UNTAC forces was raised, as well as suggestions that the Dutch troops be replaced by units from southeast Asian countries, the sources said.

## Transport Planes for Repatriation Provided

*BK0307044492 Bangkok THE NATION in English 3 Jul 92 p A4*

[Text] Thailand will provide C-130 transport for the United Nations to accelerate it programme to repatriate displaced Cambodians.

Foreign Ministry spokesman Sakthip Krirock yesterday said the airlift of the Cambodian returnees, who had lived in Thai camps for decades, would help speed up the programme in the rainy season.

Sakthip said the Thai air force had offered the UN its C-130 transport planes from Thailand. There were up to 370,000 Cambodian refugees when the programme began in April.

The rainy season has made the repatriation programme by road more difficult, the spokesman said.

Representatives of the United Nations High Commissioner for Refugees, [UNHCR] the United Nations Transitional Authority in Cambodia (UNTAC) and the air force will discuss the details of the plan.

The UNHCR plans to complete the repatriation programme by the end of the year, before the UN-brokered general election scheduled for the middle of the next year.

Sakthip said about 32,000 Cambodians were repatriated in the first three months of the programme.

A senior army source said Thailand's National Security Country and the Thai air force had approved in principle the plan to fly refugees from a Thai border airfield at Wattana Nakhon district in Prachin Buri province to Siem Reap and Phnom Penh.

"We have had initial discussions with the UNHCR and received a positive response," the source said. "So at the moment we are at the stage of working out details with the UNHCR."

He said the airlift could begin as soon as details were worked out.

## Anan's 'PollWatch' Mission 'Misguided'

*BK0907033992 Bangkok BANGKOK POST in English 9 Jul 92 p 4*

[Editorial: "PollWatch Mark II's Misguided New Job"]

[Text] PollWatch mark II was launched yesterday, and its new terms of reference make interesting reading. Prime Minister Anan Panyarachun's order appointing the new 44-member commission opens up with this objective: "To promote the people's participation in the election of members of the House of Representatives."

The commission has been given nine "powers and responsibilities." Top of the list are:

—"To encourage the public to love and cherish their rights and freedoms, and to be conscious of their civic duties, to attach importance to defending democracy under a constitutional democracy, and to participate in the electoral process and in monitoring the election.
—"To encourage the public to exercise their right to vote for members of the House of Representatives, and to have the discretion to choose people with ability and moral integrity.
—"To encourage the public to monitor the process of the general election that will be held on September 13, 1992, so that it is conducted honestly, fairly and correctly according to the law, and to cooperate with all parties concerned."

And so on. Only from the fourth of the nine points does the order start to talk about PoliWatch's role in receiving complaints, studying what happens in the election, appointing monitors and other personnel, allocating a budget, and compiling a report.

The third objective—to encourge public participation in monitoring the election—is probably non-controversial. The first and second objectives are highly contentious.

The desire to place the greatest emphasis on the public's participation in the election and to influence the public's "discretion" is understandable, but it is misguided.

It is understandable because Dr Gothom Arya, PoliWatch's admirable secretary-general, and his colleagues are rightly disturbed that in the last election most of the publicity generated by the commission was negative. The emphasis on wrongdoing increased the feeling that electoral politics was dirty. Dr Gothom naturally wants PoliWatch's emphasis to be more positive.

It is also understandable that those who are so committed to democracy would want to make sure that the mistakes that led to the May bloodshed are not repeated. But the objective of encouraginging voters "to have the discretion to choose people with ability and moral integrity" could easily amount to taking sides in the election.

Ability and moral integrity lie in the eye of the beholder. No organisation with the responsiblity of making sure elections are fair and clean should be seen to be taking sides. There is a need for candidates to be scrutinised more carefully, but this is not the job for PoliWatch. Otherwise the commission's integrity will be questioned.

There is another serious issue to be considered: whether the task PoliWatch has set itself will lead to an immense waste of money. PoliWatch's two top objectives are an insult :o rural voters' intelligence and stand little chance of success. The whole idea of PoliWatch campaigning actively to encourage the public to participate more in elections has been a subject of intense debate within PoliWatch ever since its inception.

The problem arises because many people in Bangkok believe that rural voters need to be taught how to vote. Others are vehemently against the idea.

One issue is turnout. As one insider quipped recently, if PoliWatch's prime objective is to increase the turnout, then the commission's major task is in Bangkok where the turnout has been appallingly low. In the provinces, public particiation in elections has been among the highest in the world.

Another issue is vote buying and selling. The wise moralists in Bangkok assume that if someone accepts money in return for voting he is not participating in the election.

They also make the mistake of believing that preaching or some more subtle form of public relations will work. It is one thing to believe that vote buying is bad. It is quite another to assume that you can get rid of vote buying—or persuade voters to pick "better" MPs—simply by going around telling them to do so. The Interior Ministry produced some spine-chilling TV advertisements against vote buying for the last election with absolutely no effect.

The trouble is, too many people who should know better are ignoring the growing body of factual evidence. In fact, research from all over the country, including some of the findings in PoliWatch's own report on the March 22 general election (now due to be published in the next few weeks), suggests compellingly that rural voters make their choices quite rationally and in their own best interests.

Those who have followed closely why voters make their choices are convinced that no amount of campaigning or preaching from Bangkok will have anything but a minimal impact on vote buying. The problems are structural and can only be solved through structural reforms. Vote buying is a complex practice; money changing hands is only part of it.

Voters need to be offered viable means of ensuring that national resources come to their villages instead of relying on manipulators. They need a strong system of justice so that they can have confidence in law enforcers and the courts instead of depending on local patrons and protectors. Those who want to improve the "quality" of MPs will have to start tackling these problems instead of moralising.

Unfortunately millions of baht have been earmarked for PoliWatch's task of "encouraging the public." The millions appear doomed to be wasted and the rural taxpayers who are the target of the moralising have a right to ask whether the money wouldn't be better spent on other purposes.

PoliWatch can legitimately support public participation by encouraging debate on national issues. But here again, that means playing a genuinely neutral role in the debate and not assuming—as happened in PoliWatch-sponsored election—that the view of certain non-governmental organisations is the view "of the people."

PoliWatch's value has been in amassing an unprecedented amount of information about the election. The research and data collection have been of varying quality—some of it downright shoddy—but much of it is extremely useful. Its value has also been in trying to

make elections more honest and fair. We can debate whether PollWatch should have more teeth or whether the responsibility for prosecuting offenders should stay with the police and other authorities.

But PollWatch should see its role as making sure that people can cast their votes according to their voluntary wishes, an objective that includs allowing them greater access to information that they can use to make up their own minds. PollWatch should not get involved in trying to change people's minds about how or whether they want to vote.

## Gen Phisit Says Military Should Eschew Politics

*BK0907035592 Bangkok BANGKOK POST in English 9 Jul 92 p 3*

[Text] Armed Forces Chief-of-Staff Gen Phisit Salikhup said yesterday that the military should stop getting involved in politics. Regular soldiers don't want to get involved in politics, he said. Only a handful of officers get involved, "not every soldier".

But to stay away from politics means to reduce its political role, he said. He noted that several military officers and politicians, especially party leaders, were familiar with one another, "but how deeply, (I) don't know".

Asked if there would be any more coups d'etat, he said he didn't think anything could justify a coup.

"How can another coup be staged? If one is, it will be resisted by the people," said the armed forces chief of-staff.

Commenting on allegations of corruption in arms purchases by the foreign press, he said he had never come across corruption, and all purchases were done on a government-to-government basis. The purchases were made by a committee, he said, adding that the accusers should prove their allegations.

He said corruption has been eliminated from the armed forces "because everyone has good wishes towards the military."

He also said the military got 40-50 percent of the defence budget it had requested from the Government.

On reform, Gen Phisit said the military must be restructured to keep abreast with the changes. Manpower will be reduced, especially the number of army, navy and air force cadets, efficiency must be increased, and modernisation pursued, he added.

He said plans to cut manpower and increase fighting capability were laid down by previous supreme commanders "but I don't know when they will be implemented."

## Party Must Spend Millions for Assembly Seats

*BK0307045292 Bangkok BANGKOK POST in English 3 Jul 92 p 2*

[Text] Khon Kaen—The New Aspiration Party [NAP] will have to spend at least 500 million baht if it aims to win 100 seats in Parliament, an influential local businessman reputed to be a major financial contributor to several politicians claimed yesterday.

"On top of that, there must be 600 million to 700 million baht in reserve," Charoen Phattanadamrongkit better known as Sia Leng, said in an interview.

Sia Leng said he has been supportive of the NAP because he respects party leader Gen Chawalit Yongchaiyut for being a gentleman, respectable and qualified to be prime minister.

He said he does not believe Gen Chawalit will quit the party leadership as reported in some papers.

"Why should he resign? If he wanted to quit, he would not have resigned as Army commander-in-chief in the first place," he said.

Sia Leng said Gen Chawalit still commands respects from many people.

"The point is whether he has the money. If there's no money, he will have only a handful of MPs. If there is, then we should have no problem," he said.

The businessman suggested the NAP leader should wash his hands of politics if he does not have a lot of money to outlay—at least about 500 million baht to win 100 seats.

"He said he wants to carry on, so I told him to start now," Sia Leng said.

He implied that the best he can do to assist Gen Chawalit is to help campaign for some NAP candidates in the Northeast. However, Sia Leng indicated that his support of the NAP is conditional on the party's principles being unchanged.

Sia Leng complained of what he described as the centralisation of decision-making in the NAP which, he said, has discouraged several party members.

"Everything has to go directly to the party leader. When one goes to see the secretary-general, he is referred to the deputy leader who then refers the inquirer to the party leader. It looks like the party leader is the only person in charge. This is very discouraging," he said.

Sia Leng urged all who want to stand for the NAP to contribute financially to the party "otherwise he (Gen Chawalit) will be in trouble".

Commenting on moves by top businessmen to enter politics, Sia Leng said he believes their real motive is to protect their interests. Business and politics do not mix and will cause problems, he said.

Sia Leng said he funded the election campaign of about 10 candidates in the Northeast in the last election and seven of them won.

"Percentage-wise, it is an achievement beyond our expectation," he said.

## Chatchai To Head New Political Party

*BK0807135792 Bangkok Radio Thailand Network in Thai 1200 GMT 8 Jul 92*

[Text] Kon Thappharangsi, member of the Chat Thai Party's Executive Board, granted an interview at noon today during which he reported to newsmen that General Chatchai Chunhawan this morning had a meeting with several former members of parliament to discuss forming a new political party to be named the Chat Phatthana [National Development] Party. The new party will have Gen. Chatchai Chunhawan, who is a former leader of the Chat Thai Party, as its leader. Kon said they still had not discussed other positions in the new party. Another meeting is planned for 12 July, and they believe a conclusion will be drawn by then.

Meanwhile, Puangchon Chao Thai Party leader Colonel Phon Roengprasoetwit said that he had resigned as a member and executive board member of that party in order to make way for the party's restructuring. He is joining with others in a bid to form a new party, the Chat Phatthana Party, because he thinks Gen. Chatchai is an impartial person. Gen. Chatchai said he would accept leadership of the new party if it upholds love and unity as its policy.

Politicians present at the meeting this morning included Anuwat Watthanaphongsiri, Col. Phon Roengprasoetwit, Suwat Liptaphanlop, Sonthaya Khunplum, Thawit Klinprathum, Watthana Atsawahem, and Pancha Kesonthong.

## Athit To Form New Party; Old Party Changes Name

*BK0907022192 Bangkok THE NATION in English 9 Jul 92 p A1*

[Excerpts] Former House speaker Athit Urairat last night confirmed he will set up a new party to compete in the September election.

"I have made up my mind," the former deputy Samakkhi Tham leader told THE NATION in a telephone interview "I have to go ahead."

Athit said he would announce his decision this morning to lay to rest speculation about his political future.

The former House speaker's much lauded nomination of Anan Panyarachun as interim prime minister instead of the expected choice, Sombun Rahong, had led to him being ostracized by Samakkhi Tham members.

"I made this decision (to form a political party) in the interest of the majority. Though there have been a lot of obstacles, today I'm convinced that everything will go as planned," he said.

The new party would not hope to score a big victory in the upcoming election, but "will emphasize political principles," he said.

Athit and his supporters from Samakkhi Tham would build up the party, which has been registered with the Interior Ministry but not yet activated, according to a source close to him. [passage omitted]

—Samakkhi Tham members yesterday agreed to change name to the Therd [Thoed] Thai Party, which means upholding freedom, in an attempt to shake off its pro-military image.

The party emblem would also be changed from a lotus to a dove in a golden moon over a Thai flag.

Party members would meet today to finalize the changes and elect a new leadership.

Party sources said there are now about 50 former MPs left in the party. Samakkhi Tham won 79 House seats in the March election.

Sources in the party said eight prominent party members had left—Gen Athit Kamlang-ek, Aphichat Halamchiak, former House speaker Dr Athit Urairat, Somsak Khungoen, Phinit Charusombat, Sumet Phompanpho, Sitthirat Rattanawichan and Chaiwat Sapruangthong.

Former Samakkhi Tham Secretary-General Anuwat Watthanapongsiri, who is to head the Therd Thai Party, denied reports he would defect to Chatchai Chunhawan's Chat Phatthana Party (National Development Party).

## Preparations Made To Ensure Fair Polls

*BK0807041892 Bangkok THE NATION in English 8 Jul 92 p A2*

[Text] The Cabinet yesterday approved a five-day application period for politicians contesting the Sept 13 general election, as well as the establishment of two government panels to ensure fairness in the poll.

Those wishing to stand as parliamentary candidates can apply to the Interior Ministry for their election number during July 27-31, according to government statement.

The Cabinet approved the establishment of two panels, led by the Interior Ministry, to monitor the poll to try to ensure it is clean and fair.

One panel, led by the Interior permanent secretary, will be authorised to prevent and suppress influential figures, hired gunmen and dealers in war weapon who might create unrest during the election campaign.

The panel would keep a watch on government officials during the election to check for any irregularities in their capacity as officials.

The other committee, endorsed by the government, will [be] responsible for barring any attempt to buy or sell votes.

The committee's members will include government officials and representatives of the Poll Watch committee, state enterprises and the private sector, the statement said.

—The Cabinet yesterday approved the Interior Ministry's proposal to transfer several governors in a temporary shakeup before the Sept 13 general election, a senior ministry official said.

Deputy Interior Minister Charoenchit na Songkhla said at Government House that the ministry had decided that there should be a provisional transfer of governors if they were "not happy" in overseeing the general election.

According to a Cabinet press release yesterday, Pathum Thani Governor Prasong Rananan was to fill the empty post of director general of the Welfare and Labour Protection Department while Suphan Buri Governor Sirat Haniraksa would become Pathum Thani governor.

Patthalung Governor Somphong Siyaphan would become Suphan Buri governor; Interior Ministry inspector general Phayon Phirenthon would become Lamphun governor; Buri Ram Governor Surachit Chamaroek would become ministry inspector general; Lamphun Governor Sanitwong Uthesanan would become Kalasin governor, Kalasin Governor Daoruang Nitcharat would become Kalasin governor; Kalasin Governor Daoruang Nitcharat would move to the same position in Buri Ram; and deputy Ayutthaya Governor Phairot would become Phattalung's governor.

## Minister on Military Probe Results, Transfers

*BK0807042592 Bangkok Radio Thailand Network in Thai 0000 GMT 8 Jul 92*

[Text] Asked to comment on any possible transfers of Armed Forces commanders before the completion of the investigation into the May events, Defense Minister General Banchop Bunnak said we have to wait for the results of the investigation first, as what the prime minister has said. Asked whether the Defense Ministry will summon General Suchinda Khraprayun to testify, he said that he would have to ask the chairman of the military investigation committee this question first before he could respond. General Banchop also said people should not worry that the military investigation committee will not be fair. He believes that all members of the committee will carry out their duties straightforwardly and fairly. The committee has 45 days to complete its investigation.

Asked what he would do if the results of the Defense Ministry committee and the government-appointed committee differ, the defense minister said he still did not know whether or not the results will be the same. He added that he cannot reveal what action he will take in this connection, but that he has to plan for it.

## Group Criticizes Anan 'Joking' on Missing Persons

*BK0507010692 Bangkok BANGKOK POST in English 5 Jul 92 p 1, 3*

[Excerpts] The Centre to Coordinate Information on the Missing from the May crackdown yesterday issued an open letter expressing disappointment and sadness at Prime Minister Anan Panyarachun for joking about missing people.

The centre, combining eight hospitals and educational institutes, lashed out at Mr Anan's light-hearted comment saying that it showed that he was not taking the matter seriously and did not give any importance to finding the missing.

Mr Anan made the comment during a televised speech at the Foreign Correspondents' Club of Thailand (FCCT) on Wednesday night when asked by a reporter about the missing heroes of democracy.

The Prime Minister half-joingly told the gathering at the FCCT that he had lived in New York for 12 years and had never seen the New York Police missing persons list get any shorter.

The centre said it was "disappointed" that Mr Anan did not give importance to locating the hundreds of people still reported as missing from the May 17-20 bloodshed.

"We are very saddened and disappointed at his answer," the open letter said.

It also said that the Prime Minister's inappropriate humour implied that the issue was something of no substance and was a normal occurrence in an easy going society.

The letter added: "It also showed a total lack of thought for the sorrow and sadness of the relatives and parents of the missing."

The centre said that over the past 45 days its staff had become aware of the sensitive feelings of relatives and they were now very careful and meticulous when checking information to verify the missing.

It has made this information available to the Press and the relevant official agencies while also having called on the Government several times to quickly take action.

Even though Mr Anan has said that he has taken on the premiership with a limited duty to perform, finding the missing is undeniably a direct duty of any government, the letter said.

"It also directly involved a humanitarian principle that a government must have towards its people in times of hardship," the letter said.

If the Anan II Administration denies assistance on this matter then its work will not produce the peaceful Thai society that the government promised in its policy statement, it said.

The centre again called on the government to lay down concrete measures to quickly find out if the missing are still alive. The centre still lists more than 700 persons as missing. [passage omitted]

Meanwhile, Deputy Interior Minister Charoenchit Na Songkhla yesterday said that the ministry's figure for missing people now stood at slightly over 300.

The ministry has informed the police, the provincial, and the district authorities nationwide to help locate the missing.

He said that one reason for the large number of those missing is because Thai people took fright when they could not find their relatives and notified the authorities.

However, he said they did not remember to notify the authority again when the relatives returned.

Some hospitals have also notified the authority that they have had several cases of people with amnesia turning up at their doors.

These people do not remember who they are and relatives should check with hospitals. Mr Charoenchit did not name the hospitals.

## Paper Presses for Full Probe

*BK0807015592 Bangkok THE NATION in English 8 Jul 92 p A6*

[Editorial: "Anan Should Be Serious About the Missing"]

[Text] "Oh, pardon me, thou bleeding piece of earth, That I am meek and gentle with these butchers, Thou art the ruins of the noblest man, That ever lived in the tide of times."

These words spoken by Mark Antony as he was alone with the slain body of Julius Caesar could be used as a reflection on the disappointment and sadness at Prime Minister Anan Panyarachun's way of handling he investigation into the appalling May bloodbath. There is a general feeling among grieving Thais who lost immediate members of their family, relatives, and friends who were either killed or went missing in the carnage, that Premier Anan seems to be suggesting that a truly impartial probe into the bloodbath would be too sensitive to conduct.

Take for instance the premier's comment during his speech at the Foreign Correspondents Club of Thailand last week. When questioned by a foreign reporter on what the government's efforts were in trying to trace the people missing in the May incident, he halfjokingly said that he had lived in New York City for 12 years, and had never seen the New York Police Department missing persons' list get any shorter.

When pressed further on why he had not called for the suspension of the military commanders, in order to pave the way for junior officers to testify in the investigations, he retorted: "We happen to be in a Thai society, and I for one do not want to adopt outside practices and norms because we have different management styles, culture, social norms, and values. I welcome suggestions, but I am the 'ultimate judge' on how to handle the issue."

On Monday, the premier told reporters that now oly "a little more than 200" people are still unaccounted for, compared to the earlier number of about 1,000 missing. How he came up with with this figure is indceed mind-boggling, when Mahidon University's Hotline Centre the day before listed 726 people as still missing after the tragic events of May. The Centre has been coordinating with seven ether humanitarian units and the Interior Ministry, which have been receiving reports of people missing. The records are all computerized and duplicating errors have been eliminated.

It's hard to believe really, in this day and age, that the Thai armed forces will fire indiscriminately at defenceless men, women and teenagers just asking for a government free from the domination of the military. But the sad fact is that it has happened, and nothing can undo that. The same aberrant behaviour by a section of the military was also seen on Oct 14, 1973 and Oct 6, 1976, and it has been argued that if full investigations of those massacres had been carried out, the bloody mistake would not have been repeated last May.

We have been hearing from Premier Anan that the military should be handled with care. It has been put forward to us that if we were to push too hard and echo the demand for dismissal or transfer of the military commanders and the revocation of the general amnesty decree, it could precipitate a crisis and in this context a coup cannot be ruled out.

In pragmatic terms, it is true that this could fuel a crisis that might cause the military to come out of their "temporary retreat", leading to another round of conflict and possible bloodshed. On the other side of the coin, however, are the emotions of the people who were involved in the pro-democracy demonstrations and the people who lost their loved ones when they braved the batons and bullets of the security forces. The question being asked by these people is why should Premier Anan urge Thai society to be so sensitive to the feelings of members of a certain institution who have killed their fellow men, and yet stil occupy a powerful and privileged position in the country.

Premier Anan has clearly failed to address this side of the people's anxieties, and we can't help but deduce that as far as the military is concerned in terms of human rights abuses, the Anan II administration will adopt a hands-off policy. Neither has this government taken any action to revoke the law on the internal peace-keeping director, issued by the coup-makers in 1976.

It was under this obsolete law that Supreme Commander ACM Kaset Rotchananin, in his capacity as the internal peace-keeping director, ordered the Capital Security Comander, army chief Gen Itsaraphong Nunphackdi, to stop the demonstrators with Operation Phairi Phinat (Crush the Enemy). The operation was just a "licence to kill" and unless impartial investigations are carried out fully and this "licence to kill" is revoked, the current probes under the Anan II government won't matter very much.

A full investigation of the May bloodbath is more than just a question of accountability, morality, or justice. Basically, it is a question of preventing similar tragedies from happening again. We firmly believe that there should be a full, impartial public inquiry into the incident, including the cross-examination of the military comanders who claimed they had done "nothing" unlawful. The terms of reference of this public inquiry should be simply trying to find out what happened, who did what, where, and when and who gave the orders to fire on the protesters. The question of whether anybody is to be blamed should be tackled only after that.

## Villagers Reach Compromise on Land Resettlement

*BK0507015192 Bangkok BANGKOK POST in English 5 Jul 92 p 1, 3*

[by Phloenphot Waraphian in Nakhon Ratchasima]

[Text] Villagers from 17 northeastern provinces protesting against the Kho Cho Ko land resettlement programme in Pak Chong District returned home yesterday following a compromise agreement reached with a government team late on Friday night.

Early yesterday morning, the villagers held a religious ceremony and a parade to express their gratitude to the people of Pak Chong District before beginning their journey home.

Everybody was in a jovial mood as they prepared to pull up camp and return home. The protest site was empty by mid-afternoon.

The villagers said they were satisfied with a compromise reached late Friday night between the government team and the village representatives and (NGOs) [non-governmental organizations] volunteers after lenghty and tough negotiations.

The villagers were assured that the land resettlement programme would be eventually abolished and that they would be allowed to temporarily return to their land—an agreement which Forestry Department officials were unhappy about.

The settlement puts a stop to the Kho Cho Ko programme which otherwise would have uprooted more than 250,000 families in the Northeast alone.

Negotiations were nearly aborted on several occasions due to the rigid stance of the Forestry Department officials while other sides, especially the Interior Ministry officials, seemed to be much more flexible.

At one point during the three-day protest, a woman cried hysterically when the officials insisted that the villagers should wait for the month-long investigation to end before any decision could be made as to whether the villagers could return to their home villages or be relocated elsewhere.

The villagers said they are now deep in debt because they could not farm since the Khor Cho Ko programme started some two years ago. Missing the upcoming rainy season would mean that they would miss the planting season for the third year in a row.

However, the tension eased following Deputy Interior Minister Anek Sitthiprasat's telephone call to Prime Minister Anan Panyarachun.

The Prime Minister responded to the call by agreeing to allow the villagers to return to their land for this planting season under the supervision of the Forestry Department.

After another round of lengthy negotiations, it was eventually agreed that families returning to the watershed A1 level area must do so only under the joint supervision of Forestry Department officials and a village committee and council to be set up by the villagers and volunteers from NGO.

The council will monitor the agreement as well as working on villagers' land rights and environmental conservation.

However, it was yet to be worked out as to how the suprevision of the exodus home by villagers would be carried out as some people expressed concern that they might be arrested against because the Forestry Department is still empowered by the Forest Reserves Act to arrest villagers living under their jurisdiction.

As to the fate of 16 villagers from Nong Yai Village who were arrested and released on bail on charges relating to land encroachment, the two sides agreed that they would fight their case in court.

Deputy Interior Minister Anek said he was willing to help pay the fine imposed on these villagers if they are found guilty by the court.

Bamrung Kayotha, a village representative of Chaiyaphum Province, said yesterday this was merely round one of the fight for their farmland.

"If the Government fails to abide by the agreement, then there'll be another round of protests," he told the BANGKOK POST.

The settlement, which was reached after eight hours of tense negotiation, has averted the conflicts from getting out of hand.

After five hours of talks, a group of businessmen in Pak Chong met to lend their support for the affected villagers. They asked the protesters to stop their temporary blockade of the Friendship Highway, suggesting the more drastic measures of stopping a train.

Prime Minister Anan's conciliatory attitude has helped end nearly a month-long confrontation which started with the crackdown on Nong Yai villagers of Soeng Sang District, Nakhon Ratchasima Province.

The villagers, most of whom wish to return home, were forcefully evicted from their farmland under the military resettlement programme.

The crackdown stirred up support among thousands of villagers in the Northeast whose communities have also been destroyed by this draconian land management programme.

They rallied at Nakhon Ratchasima Provincial Hall and later marched to Pak Chong District where they temporarily closed the highway for three days to pressure the Government into clarifying the cabinet resolution on the issue.

Although the rallies and the disruption of traffic at Pak Chong District has raised criticism among Bangkok academics, the villagers received support from both intellectuals and businessmen in the province as well as from farmers in the area who have also been affected by the military resettlement programme.

Deputy Interior Minister Anek said later in an interview with the BANGKOK POST that there must be other forms of land management to replace the controversial Kho Cho Ko programme.

He believed, in accordance with the guidelidnes stipulated by the Premier, that the community forest scheme would be an alternative and a suitable compromise between conservation and vidllagers' land rights.

## Paper Views Setbacks in Program

*BK0707014792 Bangkok BANGKOK POST in English 7 Jul 92 p 4*

[Editorial: "Gentle Persuasion Key to Land Reform"]

[Text] The Khor Cho Kor programme suffered a major blow over the weekend when protesting villagers from 17 northeastern provinces won the right to return to their former land and farm it throughout the rainy season. Whether the setback turns out to be fatal depends on a policy agreement being reached between the Agriculture Ministry (which includes the Royal Forestry Department) and the Interior Ministry, which are at loggerheads over the problem. What is needed is a death blow to all forced resettlement. Such actions cause anguish, misery, massive displacement problems, destructive incidents such as Thap Lan and, if any further argument is needed, they simply don't work.

If there is a need for technically landless villagers to move, then they should be enticed by the deal they are being offered, not coereced by threats. If the deal is sweet enough, cooperation will be voluntary and the authorities and villagers will be able to work together in harmony instead of bitter conflict. For too long officials involved in resettlement programmes or "conservation" exercises such as Kho Chor Ko have been ignoring obvious policy contraditions and, instead, pushing their heads ever deeper into the sand. There should no longer be any question that the Kho Chor Ko programme makes a mockery of its purported objectives.

Unfortunately, the Royal Forestry Department, which for too long has been a willing accomplice to this blitz on the landscape, appears a reluctant partner in the deal that Deputy Interior Minister Anek Sitthiprasat acting in consultation with Prime Minister Anan Panyarachun struck last week with the victims of Kho Cho Ko that merely allows them to return to their villages temporarily to pick up the pieces. Judging from the ill-humoured grumblings in the background after the agreement, the Forestry Department would have preferred business as usual.

The destruction of 10,000 rai of Thap Lan National Park, which began in April to accommodate displaced villagers, is not the first time the Department has connived at or acquiesed in destructive intrutions into the property it is supposed to be protecting. Over the years the Department has run up a sorry record as guardian of its once-rich realm, but with the exposure accorded to Kho Chu Ko, what was once an open family secret is becoming common knowledge, Thailand, which is virtually unique with its fabulous biodiversity, does not need idiocies such as a ministry official proclaiming that the Kho Cho Ko programme's destruction of the forest is necessary for forest conservation, as happened recently. This is akin to a doctor telling his patient that amputation is the cure for the problems caused by his broken arm.

Such distorted logic sets; the alarm bells ringing. The din becomes louder when we are told that Kho Cho Ko is justified because it is the fulfillment of the Government's 40 percent policy: 25 percent of the forest lands (forest reserves) will be devoted to commercial forestry (agro-forestry) and 15 percent to conservation forestry (national parks). And that these forests from which some 1.5 million villagers would be evicted under the scheme are to be planted with the contentious eucalypti.

It looks as if the Forestry Department got its wires crossed. In fact, after the destruction of prime forest in Thap Lan, the Department is alleged to have gerrymandered the park boundary to exclude the razed forest and include the forest reserve from which the protesting villagers were evicted. So, when the villagers returned to their homes last month, in exasperaton or desperation, the Department charged them with encroachment. And after Thap Lan, when Kho Cho Ko is replaced by

another scheme, will the Army and the Forestry Department find it necessary or expedient to take drastic measures to accommodate the new scheme?

### Muang District Villagers Protest

*BK0707010992 Bangkok THE NATION in English 7 Jul 92 p A2*

[Text] Chanthaburi—About 10,000 villagers rallied in Muang District here yesterday to protest against a government plan to carry out a land reform programme in the areas where they have been living for 30 years.

The protesters, residents from Pong Nam Ron and Soi Dao districts, were led to the provincial hall by a group of provincial councillors to demand a meeting with the governor.

Twenty representatives of the villagers later meet Chanthaburi Governor Wimon Puangthong.

They urged him to immediately scrap the Office of Land Reform for Agriculture's survey of the areas where they are living in Pong Nam Ron and Soi Dao districts.

The survey is part of a land reform plan for local residents. They also proposed that the provincial administration issue land title deeds to those who have been living in the areas for a long time.

The demonstrators dispersed after the governor accepted their proposals for consideration.

### Army Chief Meets Regional Heads Near Border

*BK0307044792 Bangkok BANGKOK POST in English 3 Jul 92 p 1*

[Text] Mae Sot—Army Commander-in-Chief Gen Itsaraphong Nunpakdi yesterday met top brass from four Army regional commands in this western border town.

The officers came from Bangkok in three Army aircraft. They included Army Assistant Commander-in-Chief Gen Phaibun Hongsinlak, Army Chief-of-Staff Gen Prayong Phalasin, Army Deputy Commander-in-Chief Lt-Gen Yutthana Khamdi, Third Army Region Commander Lt-Gen Phairot Chantha-Urai, Fourth Army Region Commander Lt-Gen Kitti Rattanachaya and about 30 unit commanders.

First Army Region Commander Lt-Gen Chainarong Nunphakdi and Second Army Region Commander Lt-Gen Ariya Ukhotkit were not present but sent representatives.

Army Deputy Commander-in-Chief Gen Wirot Saengsanit, who was to attend, did not show up.

The only police officer attending was Pol Col Phophunsak, superintendent of the Border Patrol Police, Tak. No local officials were invited.

All local reporters, except those of TV Channels 5 and 7, were barred from covering the meeting inside the Task Force 34 Command.

An informed source said Gen Itsaraphong told the officers to try to avoid confrontation with people in their respective areas but to try to help them and attend to their problems.

He also stressed the need to strengthen the Armed Forces and vowed that he will not abandon his men, said the source, adding that the Army chief pledged to protect the welfare and property of Thai villagers living along the borders with Burma and Loas.

## Vietnam

### Reported POW-for-Money Offer Denied

*BK0907102892 Hanoi Voice of Vietnam in English 1000 GMT 9 Jul 92*

[Text] Correspondent of the Radio Voice of Vietnam on 9 July asked the Foreign Ministry spokesman to comment on the report by WASHINGTON TIMES on Tuesday that after a hearing of the U.S. congress last week, Mr. Richard Solomon, former adviser of the U.S. National Security Council, disclosed that in January 1991 Vietnam proposed to exchange some live American prisoners of war for US$4 billion. In this connection, a spokesman of the Vietnamese Foreign Ministry said:

After signing the Paris agreement on ending the war in Vietnam in 1973, the Vietnamese Government handed over to the U.S. Government all prisoners of war. There is not a single American prisoners of any kind, either surrendered or deserted soldiers. So, there couldn't be any exchange. Moreover, this allegation is very strange to the traditional humanitarian policy concerning the question of prisoners. Therefore, such allegation is a sheer fabrication with ill intentions.

### Vietsovpetro Hoping To Increase 1992 Oil Tapping

*BK0507073292 Hanoi VNA in English 0624 GMT 5 Jul 92*

[Text] Hanoi VNA July 5—The Soviet-Vietnamese oil and gas prospection and exploitation joint venture (Vietsovpetro) now has 80 oil and gas wells under operation. It is also operating seven oil rigs in the oil field of Vietnam's continental shelf.

At the present rate Vietsovpetro hopes to tap 5.4 million tonnes of oil this year, 1.5 million tonnes more than last year.

To expand offshore oil and gas exploitation, Vietnam plans to build reinforced concrete oil platforms in replacement of the present steel rigs imported from foreign countries.

### Vo Van Kiet Congratulates Czechoslovak Premier

*BK0907071392 Hanoi VNA in English 0545 GMT 9 Jul 92*

**[Text] Hanoi VNA July 9—Chairman of the Council of Ministers Vo Van Kiet has extended his congratulations to Mr. Jan Strasky on his appointment as prime minister of the Federal Republic of Czechoslovakia.**

**National Assembly Chairman Le Quang Dao has also congratulated Mr. Michal Kovac on his election as chairman of the Czechoslovak Federal Assembly.**

### Visiting German MP Meets With Economic Officials

*BK0907072992 Hanoi VNA in English 0551 GMT 9 Jul 92*

**[Text] Hanoi VNA July 9—Mr. Christian Neuling, member of Germany's Bundestag and of its Budget Commission, arrived here on July 6 for a working visit to Vietnam.**

**While here, Mr. Neuling had working sessions with officials of the State Planning Commission, the Foreign Ministry, and the Economic, Planning and Budget Commission of the National Assembly. Host and guest exchanged views on the relations between Vietnam and Germany. They dealt with existing problems, prospects of strengthening bilateral economic cooperation, the acceleration of the signing of agreements on trade and the investment protection between the two countries. Based on these agreements, Vietnam and Germany will be able to expand their economic cooperation through projects financed by the German Government in the fields of finance and banking renovation, personnel training, financial support for small businesses in the two countries.**

**The German guest left here for Ho Chi Minh City yesterday.**

### Bob Hawke Arrives To Enhance Business Ties

*BK0907150592 Hong Kong AFP in English 0949 GMT 9 Jul 92*

**[Text] Hanoi, July 9 (AFP)—Former Australian prime minister Bob Hawke met Vietnamese diplomats and economic officials here Thursday during a visit aimed primarily to promote economic ties, Australian embassy officials said.**

**Hawke, who arrived Wednesday on a five-day visit to Hanoi, had talks with Deputy Foreign Minister Vu Khoan and was to meet with Nguyen Mai, vice chairman of the State Committee for Cooperation and Investment. The Australian businessmen are accompanying Hawke, whose visit is sponsored by the Australian Foreign Ministry.**

**"The main purpose is to assist Australian business into the Vietnamese market," an embassy official said.**

**Hawke was also to receive a briefing Thursday at the U.S. office for Missing in Action (MIA) in Hanoi. The MIA issue remains the biggest obstacle to normal relations between Vietnam and the United States.**

**The visit is the first to Vietnam for Hawke, who was premier from 1983 to 1991. He was to remain in Hanoi until Sunday.**

### Khmer Rouge Criticized for Accord Noncooperation

*BK0907114592 Hanoi Voice of Vietnam in English 1000 GMT 9 Jul 92*

**[Text] Cambodian Premier Hun Sen warned that if the Khmer Rouge continues noncooperation in the implementation of the peace process in Cambodia, they will be expelled from the Supreme National Council of Cambodia. On this issue, our radio has this to comment:**

**The implementation of the second stage of the Paris agreement on Cambodia met with many difficulties due to the noncooperative attitude of the Khieu Samphan faction. Although UNTAC [UN Transitional Authority in Cambodia] Chief, Mr. Akashi, had met separately with the Khieu Samphan group for three times to persuade them to change their mind but no results have been achieved.**

**The Khieu Samphan faction clings onto their demands which are contravening the Paris peace agreement, of which they are a signatory. But patience has its limit. On 8 July, Premier Hun Sen warned that if the Khieu Samphan faction continues their noncooperation, economic punitive measures should be taken against them and if necessary, they should be expelled from the peace process.**

**He also said that economic measures should be taken according to the following order: Economic sanctions, then blockade of the border with Thailand so as to put an end to Khmer Rouge's trading of goods and gems with Thailand.**

**He added: If those economic and financial sanctions bring about no results, political measures should be taken to expell the Khmer Rouge from the Supreme National Council.**

**He said: This may not be a good measure but it is better than allowing Khmer Rouge to sabotage the peace process in Cambodia.**

**Reports from Phnom Penh said: It is likely impossible to break through the deadlock as Khmer Rouge remains very obstinate. The goal of Khmer Rouge is to delay implementation of the Paris agreement to take time to win support with the hope to become an opposition faction in the parliament to be elected in next spring.**

### Allegation of Troops in Cambodia Denied

*BK0807120292 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 8 Jul 92*

**[Text] According to a VNA correspondent in Cambodia, a spokesman for the Vietnamese Embassy in Phnom**

Penh issued a statement on 7 July, refuting the slanderous charge of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] faction as seen in its 30 June communique about what it called the presence of Vietnamese forces in Cambodia.

The spokesman once again reaffirmed that Vietnamese troops had completed their withdrawal from Cambodia since September 1989 and that Vietnam had always complied with those terms stipulated in the Paris accords on Cambodia to which Vietnam was a signatory.

## EC Assists Ho Chi Minh City Repatriates

*BK0407155592 Hanoi VNA in English*
*1536 GMT 4 Jul 92*

[Text] Hanoi VNA July 4—As many as 1875 Vietnamese who illegally left the country have been repatriated to Ho Chi Minh City in the first phase of the EC programme for the repatriation and reintegration of asylum seekers which started a year ago.

In the first phase, which ended last May, nine job training centres were upgraded for 550 repatriates. Through credit schemes; 879 loans totalling 291,896 USD were approved, 1,330 people including 540 repatriates got jobs. About 165,000 USD were spent on an anti-salinity project in Binh Khanh and a plant nursery in Tan Thong Hoi (Cu Chi). Another 130,000 USD will be granted to these two projects in the second phase of the programme which will start soon.

## Assembly Candidate-Screening Process Detailed

*BK0607012892 Hong Kong AFP in English*
*0112 GMT 6 Jul 92*

[By Andrew Sherry]

[Text] Hanoi, July 6 (AFP)—On paper, this month's National Assembly elections will be the most free and democratic ever held in communist-ruled Vietnam.

A new electoral law requires that there be more candidates than seats in each district and allows independent candidates to stand for the first time.

But Vietnam's leaders, shaken by the ouster of communist regimes in the former Soviet bloc, have taken precautions to ensure that the potential dynamite of July 19th's competitive vote does not blow up in their faces.

They have obliged potential candidates to go through a rigorous pre-election screening process in which the party's mass organization, the Fatherland Front, plays a major role.

Only two independent candidates have survived the screening to have their names inscribed on the list of 601 candidates for the new, 395-seat National Assembly.

The others were nominated by the government or by mass organizations belonging to the front, said assembly spokesman Phan Trung Ly.

"The process of selecting the candidates was minutely done, so I am sure that our voters will be able to choose among the 601 candidates a National Assembly capable of doing the work of the nation," he said.

Ninety-nine percent of the candidates are incumbents from the current 495-member assembly. All but about 20 belong to the Communist Party.

"We had hoped to have 60, but it is very hard to find candidates worthy of sitting in the National Assembly who are not already party members," a Vietnamese political source said.

The screening process puts emphasis on two major criteria, the first of which is that a candidate must be "absolutely faithful to the socialist fatherland of Vietnam."

The second is professional or educational qualification, as Hanoi has realized that it needs capable cadres to lead the country along the path of economic reform mapped out in 1986.

"A deputy must be determined to renovate the country following the direction of socialism," the official army newspaper QUAN DOI NHAN DAN said last week in an article on the views of senior officers about the election.

Though the number of people who attempted to stand as independent candidates nationwide was not available, local press reports from Ho Chi Minh City said 10 people came forward there. None made the ballot.

Five dropped out "citing health reasons or lack of time," and the other five were judged by local "voters' representative committees" to not meet the criteria for candidature, the reports said.

"The elections are much more free than before, but we still have a feeling that something is imposed from above," a young Vietnamese man said.

Fifteen of the candidates are members of the party politburo, the Council of Ministers, or both.

Since in most districts voters will be asked to cross off only one name from a list of three or four candidates, the odds are good that they will retain their assembly seats, though "every year there are a few surprises," a western political analyst said.

Prime Minister Vo Van Kiet is among the candidates, the only minister who must be a member of the National Assembly under the new constitution passed in April.

The new constitution has also strengthened the assembly's role. It will be smaller, more professional and more powerful than those elected previously at five-year intervals, Vietnamese officials say.

In a slight liberalization of the selection process, mass organizations such as youth associations and women's unions were allowed to nominate candidates rather than just rubber-stamping a list handed down by their parent organization, the party's Fatherland Front.

This fits with Hanoi policy of trying to make government more "democratic" within the framework of existing party structures, but it does not allow the Communist Party's leadership role to be questioned.

A Vietnamese journalist said the elections represented a step toward greater democracy, if a small one.

"They're being very careful this first time," she said of Hanoi's leaders. "But if it goes well I think that the next elections will be more free."

## Vo Van Kiet Pays Working Visit to Provinces

*BK0607141392 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Jul 92*

[Report on working visit by Council of Ministers Chairman Vo Van Kiet to Nam Ha and Thai Binh Provinces from 3-4 July by station correspondent Dinh Khai]

[Summary] "Dear friends: From 3-4 July, Council of Ministers Chairman Vo Van Kiet paid a two-day working visit to the provinces of Nam Ha and Thai Binh to assess the local socioeconomic situations in the past years and the days ahead. He was accompanied by the comrade leading officials of the State Planning Commission, the Ministry of Finance, the State Commission for Cooperation and Investment, and the Vietnam State Bank.

"While in Nam Ha, after inspecting the construction of the Do Quan Bridge and touring the Nam Dinh Textile Combine and the Nam Dinh Silk Weaving Plant, Chairman Vo Van Kiet had a working session with the Nam Ha provincial party committee and people's committee standing bodies. Comrade Bui Xuan Son, secretary of the provincial party committee, and Comrade Dang Khoi, chairman of the provincial people's committee, briefed him on the local socioeconomic situations from 1986-90 and in 1991."

"In expressing his views to the provincial leadership, Council of Ministers Chairman Vo Van Kiet commended the local party organization and people for the positive progress they have made, especially in grain production, since the seventh party congress. He also informed everyone of the socioeconomic achievements of the entire nation in fulfilling or overfulfilling all agricultural and industrial production targets, thus creating firm premises for realizing the objectives set for the latter half of the year.

"He reminded everyone of the need to make continued efforts to develop past achievements and attach special importance to crop cultivation yield, product quality, and efficiency of production. Special plans must be worked out to expand the market and accelerate the commodity economy. It is important to create every condition for all economic sectors to develop their strengths. Incentive measures must be adopted to encourage the people to get rich legitimately. Continued efforts are needed to exploit traditional trades and occupations to bring into full play the potential of each locality and each person.

"Regarding the state economic sector, Nam Ha should continue to effect stronger reorganization. This does not mean that units which operate inefficiently must all be dissolved. Instead, concrete analyses and evaluations must be made to create conditions for establishments to survive and expand. Regarding those establishments which perform very poorly, resolute measures must be taken to dissolve or privatize them."

"While in Thai Binh, Council of Ministers Chairman Vo Van Kiet toured the Tien Hai Ceramicware Enterprise and had a working session with the leading officials in Tien Hai District. He was very happy to learn that the local people had scored a bumper winter-spring rice harvest, turning out an average paddy yield of 52 quintals per hectare. He expressed the hope that the party organization and people in Tien Hai would continue to vigorously develop their past achievements to benefit not only the local people but also the entire province and the nation as a whole."

"While in the district capital of Thai Binh, Chairman Vo Van Kiet had a working session with the standing bodies of the provincial party committee, people's council, and people's committee, as well as with representatives of local departments and sectors. Comrade Chu Van Vi, secretary of the provincial party committee, and Comrade Vu Manh Hung, chairman of the provincial people's committee, briefed him on the local socioeconomic situations."

In expressing his views to the provincial leadership, Chairman Vo Van Kiet commended the local party organization and people for their great efforts to implement the renovation lines chartered by the seventh party congress. "He pointed out the fact that to make the people rich, one must work toward industrialization step by step and must turn out more export products. Along with restoring and developing traditional trades and occupations, plans must be worked out to encourage the people to engage in new small industrial and handicraft activities capable of yielding high economic results. It is of equal importance to look for and expand the consumption market, as well as to mobilize investment capital from the local people, neighboring provinces, and foreign countries. It is of utmost importance to avoid the tendency to wait for the central government-provided assistance."

"While in Nam Ha and Thai Binh, along with contributing suggestions on how to boost local socioeconomic development in the days ahead, Council of Ministers Chairman Vo Van Kiet personnally helped resolve a number of actual socioeconomic problems that the two provinces will have to handle in the immediate future."

## Nguyen Khanh Attends Youth Union Congress

*BK0707114192 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 4 Jul 92*

[Text] On 2-3 July, Ho Chi Minh Communist Youth Union held its fifth provincial congress in Bac Thai Province. Attending the congress were Comrade Nguyen Khanh, vice chairman of the Council of Ministers; Comrade Ngo Hai, secretary of the provincial party committee; Comrade Vu Xuan Hong, secretary of the Central Office of the union; and many outstanding members of the Bac Thai youth.

In the last few years, the Bac Thai youth union has exerted much effort to overcome difficulties and organized the youth into a strong team to implement duties outlined by the party and state. The union has successfully organized seven education quizzes in different subjects. The quizzes attracted more than 65,000 contestants. In one of the quizzes titled "the Communist Party of Vietnam in the National Renovation Undertaking," the union members expressed their absolute confidence in the party leadership and in the renovation cause initiated by the party. And the youth union's activities in agriculture has been directed by the movement "for better production and business."

The congress outlined the general purpose and duties of the Bac Thai youth union for the next five years as "consolidating and building a strong Ho Chi Minh Communist Youth Union and Vanguard Children Brigade" to make them become a reliable foundation for the work and education of the youth and teenager. The congress also decided on four action plans, including a program to improve cultural life for the youth; a program to mobilize the youth to take part in economic development to relieve the unemployment problem; a program to encourage studying and develop skills; and a program for the youth to take part in maintaining social order, safety, and national protection.

## Phan Van Khai Addresses Ho Chi Minh City Voters

*BK0407093792 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 3 Jul 92*

[Text] A group of candidates standing for election as deputies to the ninth National Assembly from the eighth electoral unit met with voters at Tan Thanh Dong village in Cu Chi district of Ho Chi Minh City this morning.

The group—which includes Comrade Phan Van Khai, Mr. Phung Thanh Lap, Mrs. Huynh Thi Nhan, and Mr. Nguyen Van Rang—presented their programs of action to the voters. The candidates touched on major issues, such as the need to quickly complete the drafting of various economic laws and carry out programs for the abolition of hunger and poverty in suburban districts along with adopting open-door policies to attract foreign investment for development of the national economy, especially policies on agricultural development.

Addressing the voters, Comrade Phan Van Khai, member of the Party Central Committee and vice chairman of the Council of Ministers, said:

Implementing the resolution of the Seventh Party Congress, the National Assembly and Government are gradually institutionalizing various laws and improving the state management machinery in such a way as to fulfill the requirements and aims of the renovation of the country. What we should be happy about is that on the path of renovation, we have effected important changes in the economic and social domains. However, in the process of socioeconomic renovation, we have envisaged a number of problems that would be solved by the National Assembly and Government in their new term of office.

## 'Pitfalls' Facing Foreign Investors Outlined

*BK0807033992 Hong Kong AFP in English 0315 GMT 8 Jul 92*

[By Andrew Sherry]

[Text] Hanoi, July 8 (AFP)—Potential foreign investors in Vietnam should beware of unscrupulous "consultants" who ask for bribes in the name of senior officials they may barely know, says the co-author of a new guide to doing business here.

"For the uninformed coming here, there are a lot of official and unofficial consulting groups that come and take money and don't get results," American academic and businessman Phillip Grub said in an interview.

"They ask investors for up-front money to grease the way to get appointments and approvals ... in the name of senior officials who may or may not want it."

Some investors have been strung along for months by unscrupulous middlemen who demand increasing amounts of cash but are ultimately unable to obtain approval for their projects, he said.

"It is possible that these go-betweens are just pocketing the money," said Grub, who co-authored "Vietnam, the New Investment Frontier in Southeast Asia" with Harvard-trained economist Nguyen Xuan Oanh.

"The investor spends a lot of time and money that is not necessary."

Grub, who is on leave from his post as professor of multinational management at George Washington University in the U.S. capital, disagrees with businessmen who describe graft as an inescapable part of doing business in Vietnam.

A legitimate company, Grub said, can obtain an operating license without bribery if its project fits Vietnam's development plans.

"I don't believe the top leadership wants this payola system," because they know it discourages the legitimate companies that are essential to Vietnam's long-term development, he said.

But Grub and other experts interviewed here say that Vietnam's foreign investment approval system remains highly conducive to corruption.

Officially, the State Committee for Cooperation and Investment [SCCI] is the one door to foreign investment in Vietnam.

But in practice, the potential investor must hire a consultant to push his application through a maze of local officials and concerned ministries whose approval is needed before SCCI can give the green light.

"The application comes across the desk of a mid-level guy inside the ministry who is making five dollars a month. He sees it as a one-shot chance to get money to build a house in the suburbs," a European economist said.

"In the provinces," the economist added, "the chairman of the people's committee is the emperor, and you had better make sure he likes you."

Some of the first foreign businessmen who arrived when Vietnam opened its door to foreign investment in 1988 made the situation worse by bribing freely, the economist said.

"They were the same ones who were the first into Thailand, Malaysia. They wanted to come in, make easy money and get out. For them, a day lost was money lost, so they were willing to pay well to get approval fast."

Oil companies, meanwhile, have proved themselves willing to pay huge amounts in the form of signing bonuses, housing rentals and labor charges in exchange for rapid access to offshore exploration sites.

Businessmen from South Korea, Japan, Taiwan and other countries continue to arrive with briefcases full of gold pens, pocket radios and bottles of whiskey, though their competitors claim the real gifts go into offshore bank accounts.

Prime Minister Vo Van Kiet sent a circular to all ministries in late May advising officials not to accept expensive gifts from foreign delegations, according to a local newspaper.

Crackdowns on corruption within the government or Communist Party are also reported regularly in the official press.

But Grub and other experts said the procedures and legislation governing foreign investment still need to be clarified, simplified and standardized.

Meanwhile, foreign investors should carefully choose the consultants who will steer them through the approval process, he said.

"I would advise them to get the advice of a company or a bank that has gone through the approval process and can say what the pitfalls are," said Grub, a consultant for Vietnam's first joint-venture bank, Indovina.

"Check the reputations of different consulting groups."

The SCCI recommends using one of the six licensed consulting companies, though these firms have so far handled only about one- quarter of approved investment.

Dozens of other consultancies have sprung up, many of them linked to various ministries.

Not all can do what they claim to do, as numerous foreign businessmen learned the hard way.

"Once they know that you'll pay out money it will go farther and farther," Grub said. "They ask for big money up front, deposited in Hong Kong or Singapore, then they lead you down the primrose path."

## Treasury Issues Bonds for Power Line Construction

*BK0607040592 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Jun 92*

[Text] The Council of Ministers has issued Decision 134 on 20 April 1992, empowering the Ministry of Finance to issue treasury bonds guaranteed by gold to mobilize idle capital from the public, state economic organizations, and government offices for the construction of the 500 KV North-South Electricity Transmission Line. The minister of finance has issued instructions for the implementation of the Council of Ministers' decision.

Accordingly, the Treasury will issue government bonds that will be guaranteed by gold. The bonds will be issued next July with the following conditions:

The one-year treasury bonds will have an annual interest rate of 4.2 percent; the two-year bonds a 4.5 percent interest rate; and the three-year bonds a five percent interest rate. The government guarantees the timely payment of the investment plus interest. The interest will be calculated and paid on a yearly basis.

Those who have the option to buy the treasury bonds include the Vietnamese people, including overseas Vietnamese; foreigners; administration offices of the government, party, and organizations; public organizations and other social organizations; and enterprises with foreign capital and joint ventures with foreign countries. The treasury bonds terms for these subjects are one, two, and three years.

Active state and non-state enterprises are required to buy treasury bonds. The term of the bonds is three years. Bonds values will be written in Vietnamese dong. When gold and U.S. dollars are used to buy bonds, they will be converted into Vietnamese dong using the price of gold and U.S. dollars at the time of the purchase. The minimum amount of a bond is 100,000 dong, while the maximum amount is unlimited.

The treasury bonds are transferable and inheritable. They can be mortgaged and they are guaranteed by the treasury in credit transactions. The bonds must not be used to pay tax or used as money.

## Government Posts $155 Million 1992 Trade Surplus

*BK0807154992 Hanoi VNA in English 1543 GMT 8 Jul 92*

[Text] Hanoi VNA July 8—Vietnam posted a 155 million dollar trade surplus in the first half of the year as exports rose 27 percent to a record 1.025 billion dollars, the weekly VIETNAM INVESTMENT REVIEW reported. Crude oil exports led the way, surging 46 percent compared to the first six months of 1991 to hit 2.5 million tonnes, said the paper. Other major export earners were rice (700,000 tonnes), coal (650,000 tonnes), sea products, rubber, tin coffee, and tea. The rice exports, compared with 1.1 million tonnes for all of 1991, should help Vietnam retain its place as the world's third largest rice exporter. Imports totalled 870 million dollars. They included 1.5 million tonnes of oil—Vietnam does not have its own refineries—as well as 265,000 tonnes of fertilizer and 121,000 tonnes of iron and steel. Vietnam's biggest trading partner during the six-month period was Japan, followed by Singapore, Hong Kong, South Korea, Taiwan, France and Germany.

## Industrial Output Reported Up 16.6 Percent

*BK0507145592 Hanoi VNA in English 1403 GMT 5 Jul 92*

[Text] Hanoi VNA July 5—According to the General Department of Statistics, industrial output value in the first half of this year saw an increase of 16.6 percent over the same period last year. In particular, the output value of local industries increased by five percent and non-state industries by four percent.

A number of important industrial products recorded substantial increases over the corresponding period in 1991: crude oil by 62.7 percent, electricity by 7.3 percent, coal by 12.6 percent, rolled steel by 36.7 percent, chemical fertilizer by 18.2 percent, packed cement by 37.4 percent, electric fans by 11.5 percent, detergent by 31.6 percent, paper by 15.2 percent, and sugar by 22.7 percent.

## Jan-Jun Economic Achievements Noted

*BK0307074792 Hanoi VNA in English 0613 GMT 3 Jul 92*

[Quotation marks as received]

[Text] Hanoi VNA July 3—Le Xuan Trinh, member of the Central Committee of the Communist Party of Vietnam and first vice-chairman of the State Planning Commission, has affirmed that Vietnam recorded important economic achievements in the first half of this year. In an article published in the army paper QUAN DOI NHAN DAN on July 2, he wrote: entering 1992, Vietnam faced many great challenges in the socio-economic situation: the economy was still fraught with big imbalances, especially the imbalances in the budget and foreign exchange reserve, the potentials of inflation remained high, the purchasing power and domestic market remained limited, the foreign market was not broadened while employment and living conditions continued to exert heavy pressure... Meanwhile, the hostile forces contined their policy of economic embargo and sabotage.

For all these obstacles, we have made important achievements in the first six months. On the whole, this is quite a good year for agriculture. In the freshly-concluded winter-spring rice crop, the acreage increased by 5.5 percent, output by 20 percent, and productivity by 29 percent compared with the same crop last year. Compared with 1990 which was also a good year, food output in 1992 winter-spring crop may exceed by 1.2 million tons. In particular, the winter-spring rice crop was exceptionally good in the Mekong River delta with productivity approximating 4.7 million tons, acounting for 53.5 percent of the country's total and up by 784,000 tonnes comparaed with a year earlier. Industiral output value in the first six months of this year saw a increase of 16.6 percent over the same period last year, of which centrally-run industry increased by 29,6 percent, locally-run industry by five percent, and non-state industry by four percent. The respective figures for the first half of 1991 were two percent and 7.4 percent increases and three percent and 4.7 percent decreases. In spite of a shortage of capital, progress has been made in capital construction. We have begun the contruction of the trans-Vietnam 500 KV electric line and installed the fifth turbine at the Hoa Binh hydroelectric power plant. Market prices remained relatively stable in the first half of this year. Average price increase per month was only 2.1 percent or half the rate in the first half of 1991. The value of the Vietnamese dong has strengthened visibly.

Regarding difficulties and weaknesses, Le Xuan Trinh wrote: 'Most pressing is the question of outlet. The purchasing power in the home market, especially in rural areas, is limited causing the unsalability of large quantities of goods. We have not yet been able to sign contracts with major regular customers in foreign countries. Our trade ties with the traditional markets in the former Soviet Union have not been resumed. Though exports increased by 10 percent over the same period last year, this increase was mainly thanks to the export of big items like crude oil, rice, and aquatic products, while the export of other items has not increased noticeably. In agricultural production, a large quantity of food and commodity farm produce remain unsold. Local industries are developing unsteadily and unevenly, many localities are finding themselves in a fix trying to reorganize production. Acute problems remain in the social life, particularly in job procurement and alleviation of the difficulties for the poor and invalids'.

## State Planning Committee Economic Report Detailed

*BK0207161692 Hong Kong AFP in English 0530 GMT 2 Jul 92*

[Text] Hanoi, July 2 (AFP)—Agriculture boomed, industrial production recovered and inflation slowed in the first half of the year, but Vietnam still faces pressing economic problems, an official report published Thursday said. The spring rice harvest produced some 8.8 million tonnes of paddy, up 29 percent from last year, the State Planning Committee (SPC) report said.

Industrial production increased by 16.6 percent compared with the first half of 1991, when output dropped off two percent as economic ties with the Soviet Union disintegrated.

Major state enterprises led the recovery with a 29.9 percent increase in production, notably of oil, steel, electricity, coal, cement and urea fertilizer, the report said. But the SPC acknowledged that Vietnam was having difficulty getting agricultural products and other goods to market.

"Food shortages persist in montainous regions," particularly in central Vietnam, the report said. "Traditional markets such as the Confederation of Independent States have not been reopened."

The value of Vietnam's exports nonetheless increased 10 percent compared with the first half of 1991, led by crude oil, rice and sea products.

On the fiscal front, Hanoi slashed the monthly inflation rate to 2.1 percent, half the level registered during the first six months of 1991. But the report made no mention of progress in redressing serious budget and foreign exchange imbalances, which it described as major problems that faced Vietnam at the start of the year.

A major fiscal acheivement of the last six months has been stabilization of the local currency, the dong, which has held steady at just over 11,000 dong to one U.S. dollar since the central bank intervened in December.

## South Provinces Break 13-Year Rice Export Record

*BK0607071192 Hanoi VNA in English 0557 GMT 6 Jul 92*

[Text] Hanoi VNA July 6—The southern provinces broke a 13 years record by exporting almost 700,000 tonnes of rice in the first half of this year.

The volume was the biggest since 1979 and showed a threefold increase over the same period last year. Thirty three percent of the amount was of high quality (with 5-10 percent of broken rice). Taking the lead was An Giang, one of the major producers in the Mekong River Delta, which contributed 130,000 tonnes.

As a result of the sharp rice increase in export, rice price peaked in early June. Now the government is spending a large amount of money to purchase the remainder from farmers.

By June 25, it bought 1,357,000 tonnes and the biggest sales were made by An Giang, Dong Thap and Long An, each selling 343,000 tonnes.

## Australia

### Normal Bilateral Relations Resumed With Fiji

*BK0907084292 Melbourne Radio Australia in English 0800 GMT 9 Jul 92*

[Text] Australia is to resume normal relations with Fiji. The prime minister, Paul Keating, announced the move after bilateral talks in Honiara this morning with Fiji's Prime Minister Sitiveni Rabuka. The last remaining sanction following the 1987 coups was a ban on defense links.

Mr. Keating says he has told the Fijian leader it is now appropriate to resume defense cooperation. Mr. Rabuka told Mr. Keating he intended making a private visit to Australia in September, but Mr. Keating responded by extending an official invitation.

### Central Bank Announces Interest Rate Cut

*BK0807094492 Melbourne Radio Australia in English 0500 GMT 8 Jul 92*

[Text] The reserve bank of Australia has announced another drop in interest rates taking them to their lowest level in almost 10 years. Australia's Treasurer John Dawkins says he believes the drop will encourage Australia's economic recovery without posting its loss to inflation. Julian Brophy has the details:

[Begin Brophy recording] The reserve bank has moved to cut its official cash rates by three quarters of a percent to 5.75 percent. The rediscount rate has also been cut by the same amount; it now stands at 6.25 percent. This morning's announcement ends weeks in speculation sparked by mounting concerns over the strength of economic recovery. [Words indistinct] in the major banks predicted how the latest interest rate cuts will be passed on to home loan borrowers and business. [end recording]

### Unemployment Rate Hits High of 11.1 Percent

*BK0907074492 Melbourne Radio Australia in English 0500 GMT 9 Jul 92*

[Text] Australia's unemployment rate has surged beyond the government's forecasted peak of 10.75. Julian Brophy reports that it is the worst result since records were first kept.

[Begin Brophy recording] In June the nation's unemployment rate soared to 11.1 percent, a jump of 0.6. It's the worst result ever recorded by the Bureau of Satistics and exceeded even the most pessimistic of market forecasts. More than 963,000 Australians are now unable to find work. But the country's youth [words indistinct] with the unemployment rate soaring to 35.8 percent. The main reason for the sharp rise in unemployed [words indistinct] with the number of people seeking work. [end recording]

## Fiji

### Rabuka Holds News Conference on Changing Image

*BK0807095692 Hong Kong AFP in English 0927 GMT 8 Jul 92*

[Text] Honiara, July 8 (AFP)—Fiji's new Prime Minister Sitiveni Rabuka promised Wednesday that whatever might have happened in the past Fiji is now run by a democratically-elected government fully accountable to its people.

The former military strongman and coup leader appeared before a packed press conference at the South Pacific Forum here to try to dispell what he called a popular belief that "some sort of apartheid system" operates in Fiji.

"Those of you who have been there know this is untrue," Rabuka said.

He said he had met with New Zealand Prime Minister Jim Bolger on Wednesday and will meet Australia's Paul Keating on Thursday at what he said was Keating's invitation.

Rabuka, who won government last month in the country's first democratic election since the 1987 coups, appeared relaxed, confident and completely at ease in answering journalists' questions.

He admitted that his mission is to change his image and that of his country.

He promised that a decree placing restrictions on overseas journalists would be changed in time, and said that all were welcomed.

"Should you have any misunderstanding at the airport or wherever, ring my office and we would set things right," Rabuka said.

"I and my colleagues believe in a free and independent news media as a cornerstone of democracy.

Fiji's Constitution had been criticised as being racist and oppressive to the country's ethnic Indian population, which is almost equal in size to the indigenous Melanesians.

Rabuka, whose initial coup overthrew the first Indian-led government to come to power in Fiji, said "oppression" only existed in the minds of journalists reporting "the propaganda statements of opposition politicians and out-of-touch political activists."